

Chapter 01

Management Information Systems: Business Driven MIS

True / False Questions

1. Companies today are successful when they combine the power of the information age with traditional business methods.

True False
2. Competitive intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making.

True False
3. The information age is the present time, during which infinite quantities of facts are widely available to anyone who can use a computer.

True False
4. Technology provides countless business opportunities, but can also lead to pitfalls and traps for a business.

True False
5. Top managers use social intelligence to define the future of the business, analyzing markets, industries and economies to determine the strategic direction the company must follow to remain unprofitable.

True False
6. A variable is a business intelligence characteristic that stands for a value that cannot change over time.

True False
7. A fact is the confirmation or validation of an event or object. In the past, people primarily learned facts from books.

True False
8. Zappos is not a technology company; its primary business focus is to sell books.

True False
9. Order date, amount sold, and customer number are all forms of data.

True False

10. Choosing not to fire a sales representative who is underperforming knowing that person is experiencing family problems is a form of knowledge.

True False

11. Information is data converted into a meaningful and useful context. The truth about information is that its value is only as good as the people who use it. People using the same information can make different decisions depending on how they interpret or analyze the information.

True False

12. Knowledge workers are individuals valued for their ability to manage teams and implement critical human resource rules and regulations.

True False

13. Using data and information to make decisions and solve problems is the key to finding success in business. These are also the core drivers of the information age and the building blocks of business systems.

True False

14. Companies update business strategies continuously as internal and external environments change.

True False

15. The finance department performs the function of selling goods or services.

True False

16. The marketing department supports sales by planning, pricing, and promoting goods or services.

True False

17. The operations management department manages the process of converting or transforming resources into goods or services.

True False

18. The accounting and finance departments primarily use monetary data.

True False

19. The sales and marketing departments primarily use production data.

True False

20. For an organization to succeed, every department or functional area must work independently to be most effective.

True False

21. Successful companies today operate cross-functionally, integrating the operations of all departments.
- True False
22. An overview of systems thinking includes input, process, output, and finances.
- True False
23. MIS is a tool that is most valuable when it leverages the talents of people who know how to use and manage it effectively.
- True False
24. The chief technology officer is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks from hackers and viruses.
- True False
25. The chief security officer is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks from hackers and viruses.
- True False
26. The chief technology officer is responsible for ensuring the speed, accuracy, availability, and reliability for MIS.
- True False
27. The chief privacy officer is responsible for ensuring the ethical and legal use of information within a company.
- True False
28. The chief knowledge officer is responsible for (1) overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives.
- True False
29. The chief knowledge officer is responsible for collecting, maintaining, and distributing company knowledge.
- True False
30. Waiting tables, teaching, and cutting hair are all examples of services that people pay for to fulfill their needs.
- True False
31. Goods are material items or products that customer's will buy to satisfy a want or need.
- True False
32. Cars, groceries, and clothing are all examples of goods.
- True False

33. Production is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.

True False

34. Productivity is the rate at which goods and services are produced based upon total output given total inputs.

True False

35. Lettuce, tomatoes, patty, bun, and ketchup are included in the process of making a hamburger.

True False

36. Cooking a patty and putting the ingredients together are included in the process of making a hamburger.

True False

37. Bread, cheese, and butter are included in the process of making a grilled cheese sandwich.

True False

38. A grilled cheese sandwich is considered the final output of a making-a-sandwich process.

True False

39. If a business could produce the same hamburger with less expensive inputs it would probably see a decrease in profits.

True False

40. If a business could produce more hamburgers with the same inputs it would see a rise in productivity and possibly an increase in profits.

True False

41. A leadership plan that achieves a specific set of goals or objectives is a business strategy.

True False

42. When a company is the first to market with a competitive advantage, it gains a particular benefit known as competitive intelligence.

True False

43. To combat business challenges leaders communicate and execute business strategies from the Greek word stratus for army and ago for leading.

True False

44. Businesses rarely need to update business strategies as the business environment remains relatively stable.

True False

45. Attracting new customers, decreasing costs, and entering new markets are all examples of business strategies.
- True False
46. Decreasing customer loyalty, increasing costs, and decreasing sales are all examples of business strategies.
- True False
47. A first-mover advantage is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.
- True False
48. FedEx created a first-mover advantage by developing its customer self-service software, which allows people to request parcel pickups, print mailing slips, and track parcels online.
- True False
49. Competitive advantages provide the same product or service either at a lower price or with additional value that can fetch premium prices.
- True False
50. Mark Peterson identified the Porter's Five Forces Model which analyzes the competitive forces within a business environment.
- True False
51. Porter's Five Forces Model outlines the process for a sales strategy.
- True False
52. With the Five Forces Model, companies should watch the forces in the market. If the forces are strong competition generally increases and if the forces are weak competition typically decreases.
- True False
53. There are many challenges to changing doctors, including transferring medical records and losing the doctor patient relationship along with the doctor's knowledge of the patient's history. Changing doctors provides a great example of switching costs.
- True False
54. Supplier power is one of Porter's five forces and it measures the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services).
- True False

55. Polaroid had a unique competitive advantage for many years until it forgot to observe competitive intelligence. The firm went bankrupt when people began taking digital pictures. Polaroid provides a great example of Porter's threat of new entrants.

True False

56. Product differentiation occurs when a company develops unique differences in its products or services with the intent to influence demand.

True False

57. Buyer power is the ability of buyers to affect the price they must pay for an item.

True False

58. Rivalry among existing competitors refers to the ability of buyers to affect the price they must pay for an item.

True False

59. The threat of substitute products or services refers to the power of customers to purchase alternatives.

True False

60. The threat of substitute products or services refers to the power of competitors to enter a new market.

True False

61. Tiffany & Company competes in the marketplace by offering high cost custom jewelry. Tiffany & Company is following a broad market and cost leadership strategy.

True False

62. Porter has identified three generic business strategies including focused, broad cost leadership, and switching strategy.

True False

63. According to Porter's three generic strategies, Walmart is following a business strategy that focuses on 'broad market and low cost'.

True False

64. According to Porter it is recommended to adopt only one of the three generic strategies.

True False

65. Buyer power is included as one of Porter's three generic strategies.

True False

66. Value chain analysis views a firm as a series of business processes that each adds value to the product or service.
- True False
67. A standardized set of activities that accomplish a specific task is called a supply chain component.
- True False
68. The value chain will group a company's activities into two categories: primary value activities and support value activities.
- True False
69. A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order.
- True False
70. A primary value activity is a standardized set of activities that accomplish a specific task, such as processing a customer's order.
- True False
71. Inbound logistics and operations are part of the primary value activities.
- True False
72. Inbound logistics and operations are part of the support value activities.
- True False
73. Firm infrastructure and human resource management are part of the primary value activities.
- True False
74. Firm infrastructure and human resource management are part of the support value activities.
- True False

Multiple Choice Questions

75. Which of the following is not considered a core driver of the information age?
- A. Information.
B. Business Intelligence.
C. Competitive Intelligence.
D. Data.

76. Which of the following is not considered a core driver of the information age?

- A. Information.
- B. Business Intelligence.
- C. Knowledge.
- D. All of the above.

77. Which of the following is considered a core driver of the information age?

- A. Fact.
- B. Goods.
- C. Competitive Intelligence.
- D. Data.

78. Which of the following is considered a core driver of the information age?

- A. Information.
- B. Business Intelligence.
- C. Knowledge.
- D. All of the above.

79. Why do students need to study information technology?

- A. Information technology is everywhere in business
- B. Information technology is rarely discussed in business
- C. Information technology is rarely used in organizations
- D. Information technology is found in only a few businesses

80. Why do students need to study information technology?

- A. Information technology is everywhere in business
- B. Information technology is frequently discussed in business
- C. Information technology is frequently used in organizations
- D. All of the above.

81. What is the confirmation or validation of an event or object?

- A. Fact.
- B. Data.
- C. Information technology.
- D. All of the above.

82. The age we live in has infinite quantities of facts that are widely available to anyone who can use a computer. What age is this statement referring to?
- A. Data age.
 - B. Information age.
 - C. Business intelligence age.
 - D. All of the above.
83. Which of the following is not a technology company but used technology to revamp the business process of selling books?
- A. Netflix.
 - B. Dell.
 - C. Zappos.
 - D. Amazon.
84. Which of the following is not a technology company but used technology to revamp the business process of renting videos?
- A. Netflix.
 - B. Dell.
 - C. Zappos.
 - D. Amazon.
85. Which of the following is not a technology company but used technology to revamp the business process of selling shoes?
- A. Netflix.
 - B. Dell.
 - C. Zappos.
 - D. Amazon.
86. What is data?
- A. Raw facts that describe the characteristics of an event or object.
 - B. Data converted into a meaningful and useful context.
 - C. Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.
 - D. Skills, experience, and expertise, coupled with information and intelligence, that creates a person's intellectual resources.

87. What is information?

- A. Raw facts that describe the characteristics of an event or object.
- B. Data converted into a meaningful and useful context.
- C. Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.
- D. Skills, experience, and expertise, coupled with information and intelligence that creates a person's intellectual resources.

88. What is business intelligence?

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89. What is business intelligence?

- A. Raw facts that describe the characteristics of an event or object.
- B. Data converted into a meaningful and useful context.
- C. Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.
- D. Skills, experience, and expertise, coupled with information and intelligence, that creates a person's intellectual resources.

90. Which of the following is considered information?

- A. Quantity sold
- B. Date sold
- C. Best-selling item by month
- D. All of the above

91. Which of the following is considered data?

- A. Quantity sold
- B. Best customer by month
- C. Best selling item by month
- D. Worst selling item by month

92. Cheryl Steffan is the operations manager for Nature's Bread Company, which specializes in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analyzing, and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of a piece of data Cheryl would be using to successfully perform her job?
- A. Craig Newmark is customer number 15467.
 - B. Compare the costs of supplies including energy over the last five years to determine the best-selling product by month.
 - C. Best-selling product by day.
 - D. Best-selling product changes when Tony the best baker is working.
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 - C. Best-selling product by day.
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 - D. Best-selling product changes when Tony the best baker is working.

96. Data is useful for understanding individual sales, but to gain deeper insight into a business data needs to be turned into information. Which of the following offers an example of turning data into information?
- A. Who are my best customers?
 - B. What is my best-selling product?
 - C. What is my worst-selling product?
 - D. All of the above
97. Which of the following provides an example of information?
- A. Who is customer number 12345XX?
 - B. What is product number 12345XX?
 - C. What customer number is Bob Smith?
 - D. What is my worst-selling product?
98. Which of the following provides an example of data?
- A. Who are my best customers?
 - B. What is my best-selling product?
 - C. What is my worst-selling product?
 - D. Who is customer number 12345XX?
99. Business intelligence is information collected from multiple sources. Which of the following provides an example of a source that would be included in business intelligence?
- A. Suppliers.
 - B. Customers.
 - C. Competitors.
 - D. All of the above.
100. Knowledge includes the skills, experience, and expertise coupled with information and _____ that creates a person's intellectual resources.
- A. Resources
 - B. Intelligence
 - C. Expectations
 - D. Enterprise information
101. Which of the following is not a topic associated with the information age?
- A. Collection of data.
 - B. Storage of data.
 - C. College statistics for data.
 - D. Use of data.

102. Which of the following represents the core drives of the information age?

- A. Data, Information, Business Intelligence, Knowledge.
- B. Fact, Data, Intelligence, Experience.
- C. Fact, Intelligence, Business Skills, Knowledge.
- D. Data, Intelligence, Business Information, Knowledge.

103. Which of the following is not a core driver of the information age?

- A. Information.
- B. Knowledge.
- C. Fact.
- D. Data.

104. Which of the following represents the definition of a variable?

- A. A data characteristic that is collected through competitive intelligence and cannot change over time.
- B. A data characteristic that stands for a value that changes or varies over time.
- C. A data characteristic that stands for a value that does not change or vary over time.
- D. A data characteristic that is collected only through competitive intelligence and can change over time.

105. Today's workers are referred to as _____ and they use BI along with personal experience to make decisions based on both information and intuition, a valuable resource for any company.

- A. Knowledge workers
- B. Knowledge thinkers
- C. Knowledge resources
- D. All of the above

106. What is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making?

- A. Supplier's intelligence.
- B. Social intelligence.
- C. Employee intelligence.
- D. Business intelligence.

107. Information is data converted into useful, meaningful context. What are data characteristics that change or vary over time?

- A. Facts.
- B. Variables.
- C. Supplies.
- D. Vulnerable.

108. Which of the below is the key term that defines the confirmation or validation of an event or object?

- A. Buyer power.
- B. Data.
- C. Fact.
- D. Entry barrier.

109. What is data converted into a meaningful and useful context?

- A. Competitive intelligence.
- B. Information.
- C. Buyer power.
- D. First-mover advantage.

110. As companies move from data to knowledge they will start to include more and more variables for analysis resulting in better, more precise support for _____.

- A. Decision making
- B. Problem solving
- C. Both A & B
- D. None of the above

111. How are the majority of companies today typically organized?

- A. By departments or functional areas.
- B. By departments or financial areas.
- C. By degree or financial areas.
- D. All of the above.

112. How does the text recommend that a company operate if it wants to be successful in the information age?

- A. Functionally independent between departments.
- B. Interdependently between departments.
- C. Together as one department with little or no independence.
- D. Each department acting as its own individual business unit.

113. Most companies are typically organized by departments or functional areas. Which of the following is not a common department found in a company?
- A. Accounting.
 - B. Payroll.
 - C. Marketing.
 - D. Human Resources.
114. Which of the following is typically performed by the sales or marketing department?
- A. Manage enterprise-wide processes.
 - B. Maintain employment policies.
 - C. Manage cross-enterprise processes.
 - D. Maintain transactional data.
115. The sales department needs to rely on information from operations to understand _____.
- A. Inventory
 - B. Customer orders
 - C. Demand forecasts
 - D. All of the above
116. Which of the following represents the department that maintains policies, plans, and procedures for the effective management of employees?
- A. Human Resources.
 - B. Sales.
 - C. Employee Resources.
 - D. Employee Relations.
117. Greg works for Geneva Steel Corporation. Greg's duties include managing the overall processes for the company and transforming the steel resources into goods. Which department would Greg most likely work in?
- A. Accounting Manager.
 - B. Operations Manager.
 - C. Marketing Manager.
 - D. CIO.
118. Information technology can enable departments to more efficiently and effectively perform their core _____.
- A. Facts
 - B. Feedback mechanisms
 - C. Business operations
 - D. Media issues

119. The department within a company that records, measures, and reports monetary transactions is called _____.
- A. Accounting
 - B. Marketing
 - C. Finance
 - D. Operations Management
120. The department within a company that performs the function of selling goods or services is called _____.
- A. Marketing
 - B. Sales
 - C. Finance
 - D. Operations Management
121. The department within a company that supports the sales by planning, pricing, and promoting goods or services is called _____.
- A. Sales
 - B. Operations Management
 - C. Accounting
 - D. Marketing
122. Which of the following represents the relationship between functional areas in a business?
- A. Independent
 - B. Autonomous
 - C. Interdependent
 - D. Self-sufficient
123. Which of the following represents the types of data commonly found in the accounting department?
- A. Monetary data.
 - B. Technology data.
 - C. Production data.
 - D. Employee data.
124. Which of the following represents the types of data commonly found in the finance department?
- A. Monetary data.
 - B. Technology data.
 - C. Production data.
 - D. Employee data.

125. Which of the following represents the types of data commonly found in the human resource department?

- A. Monetary data.
- B. Technology data.
- C. Production data.
- D. Employee data.

126. Which of the following represents the types of data commonly found in the sales department?

- A. Monetary data.
- B. Transactional data.
- C. Production data.
- D. Employee data.

127. Which of the following represents the types of data commonly found in the marketing department?

- A. Monetary data.
- B. Transactional data.
- C. Production data.
- D. Employee data.

128. Which of the following represents the types of data commonly found in the operations management department?

- A. Monetary data.
- B. Transactional data.
- C. Production data.
- D. Employee data.

129. Which of the following statements is true?

- A. IT equals business success.
- B. IT equals business innovation.
- C. IT represents business success and innovation.
- D. IT enables business success and innovation.

130. What is the name of a company's internal MIS department?

- A. Management information systems (MIS)
- B. Information systems (IS)
- C. Information technology (IT)
- D. All of the above

131.What are material items or products that customer's will buy to satisfy a want or need?

- A. Goods
- B. Services
- C. Production
- D. Productivity

132.What are tasks performed by people that customer's will buy to satisfy a want or need?

- A. Goods
- B. Services
- C. Production
- D. Productivity

133.What is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.

- A. Goods
- B. Services
- C. Production
- D. Productivity

134.What is the rate at which goods and services are produced based upon total output given total inputs.

- A. Goods
- B. Services
- C. Production
- D. Productivity

135.What are goods?

- A. Material items or products that customer's will buy to satisfy a want or need.
- B. Tasks performed by people that customer's will buy to satisfy a want or need.
- C. The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D. The rate at which goods and services are produced based upon total output given total inputs.

136.What are services?

- A. Material items or products that customer's will buy to satisfy a want or need.
- B. Tasks performed by people that customer's will buy to satisfy a want or need.
- C. The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D. The rate at which goods and services are produced based upon total output given total inputs.

137.What is production?

- A. Material items or products that customer's will buy to satisfy a want or need.
- B. Tasks performed by people that customer's will buy to satisfy a want or need.
- C. The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D. The rate at which goods and services are produced based upon total output given total inputs.

138.What is productivity?

- A. Material items or products that customer's will buy to satisfy a want or need.
- B. Tasks performed by people that customer's will buy to satisfy a want or need.
- C. The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D. The rate at which goods and services are produced based upon total output given total inputs.

139.Cars, groceries, and clothing belong in which category?

- A. Goods
- B. Services
- C. Production
- D. Productivity

140.Teaching, waiting tables, and cutting hair belong in which category?

- A. Goods
- B. Services
- C. Production
- D. Productivity

141.Which of the following is considered a good?

- A. Cars
- B. Groceries
- C. Clothing
- D. All of the above

142.Which of the following is considered a service?

- A. Teaching
- B. Waiting tables
- C. Cutting hair
- D. All of the above

143. Which of the following is considered a good?

- A. Cars
- B. Teaching
- C. Waiting tables
- D. All of the above

144. Which of the following is considered a service?

- A. Cars
- B. Groceries
- C. Cutting hair
- D. All of the above

145. Which of the following is considered a good?

- A. Milk and eggs
- B. Managing a team
- C. Selling groceries
- D. All of the above

146. Which of the following is considered a service?

- A. Selling groceries
- B. Managing a team
- C. Cutting hair
- D. All of the above

147. The lettuce, tomatoes, patty, bun, and ketchup are included in which category of making a hamburger?

- A. Input
- B. Process
- C. Output
- D. All of the above

148. Cooking a patty and putting the ingredients together are included in which category of making a hamburger?

- A. Input
- B. Process
- C. Output
- D. All of the above

149. The actual hamburger is included in which category of making a hamburger?

- A. Input
- B. Process
- C. Output
- D. All of the above

150. Assume you are in the business of producing and selling hamburgers. If you could produce more hamburgers with the same input what would happen to your productivity and profits assuming the price of your hamburgers remains the same?

- A. Increase in productivity, decrease in profits
- B. Increase in productivity, increase in profits
- C. Decrease in productivity, decrease in profits
- D. Decrease in productivity, increase in profits

151. Assume you are in the business of producing and selling t-shirts. If you could produce more t-shirts with the same input what would happen to your productivity and profits assuming the price of your t-shirts remains the same?

- A. Increase in productivity, decrease in profits
- B. Increase in productivity, increase in profits
- C. Decrease in productivity, decrease in profits
- D. Decrease in productivity, increase in profits

152. Assume you are in the business of producing and selling cars. If you could produce more cars with the same input what would happen to your productivity and profits assuming the price of your cars remains the same?

- A. Increase in productivity, decrease in profits
- B. Increase in productivity, increase in profits
- C. Decrease in productivity, decrease in profits
- D. Decrease in productivity, increase in profits

153. Which four elements are included in systems thinking?

- A. Output, Process, Feedback, and Accounting.
- B. Process, Output, Operations, and Accounting.
- C. Input, Process, Output, and Feedback.
- D. Input, Output, Sales, and Feedback.

154. MIS is a business function, like accounting or sales, which moves information about people, products, and processes across the company to facilitate decision making and problem solving. What does MIS stand for?

- A. Management Information Strategy.
- B. Management Intelligence System.
- C. Management Information System.
- D. Management Information Strategist.

155. Shelby Black runs a very successful hair salon in downtown Los Angeles. One of Shelby's tasks is to input positive and negative customer reviews into her computer system. What type of information is Shelby gathering?

- A. Feedback.
- B. Processing.
- C. Output management.
- D. Sales processing.

156. Who is responsible for collecting, maintaining, and distributing company knowledge?

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

157. Who is responsible for ensuring the ethical and legal use of information within a company?

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

158. Who is responsible for ensuring the speed, accuracy, availability, and reliability of the management information systems?

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

159. Who is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives?

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

160. Who is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks by hackers and viruses?

- A. Chief Knowledge Officer (CKO).
- B. Chief Security Officer (CSO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

161. Trina Hauger works for Johnson Electric as a corporate lawyer and part of her duties are to ensure the ethical and legal use of information within the company. Which of the following represents Trina's role at Johnson Electric?

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

162. The challenge that companies today sometimes have is that they are departmentalized and act independently of each other. One solution that can help a company work interdepartmentally includes _____.

- A. System processes
- B. Human resources
- C. Management information systems
- D. Resource information systems

163. Susan Stewart is an executive at Equity Title where she is responsible for collecting, maintaining and distributing knowledge for the company. What is Susan's role at Equity Title?

- A. Chief Knowledge Officer (CKO).
- B. Chief Technology Officer (CTO).
- C. Chief Information Officer (CIO).
- D. Chief Security Officer (CSO).

164. What is the primary responsibility of the CTO?

- A. Overseeing all uses of MIS.
- B. Ensuring the security of business systems.
- C. Ensuring speed, accuracy, and reliability for MIS.
- D. Collecting and distributing company information.

165. What is a way of monitoring the entire system in a company, by viewing the multiple inputs being processed to produce outputs?

- A. Feedback thinking.
- B. Systems thinking.
- C. Output management.
- D. Operational thinking.

166. Jeremy Bridges is an executive for Green Web Designs, where his primary role is to ensure the security of business systems and develop strategies to protect the company from online viruses and hackers. What is Jeremy's role within the company?

- A. Chief Executive Officer (CEO).
- B. Chief Security Officer (CSO).
- C. Chief Procurement Officer (CPO).
- D. Chief Technology Officer (CTO).

167. Feedback is information that returns to its original transmitter and modifies the transmitter's actions. What would the original transmitter include?

- A. Input, Transform, Output.
- B. Input, Transform, Outnumber.
- C. Output, Input, Performer.
- D. Input, Process, Transform.

168. MIS is a business function. Which of the following does MIS perform to help aid the company in decision making and problem solving?

- A. Moves information about people.
- B. Moves processes across the company to improve systems.
- C. Moves information about products.
- D. All of the above.

169. A system is a collection of parts that link to achieve a common purpose. Systems thinking is a way of monitoring _____.

- A. The entire system
- B. A division within the sales role
- C. The executive team
- D. The company's competitors

170. MIS can be an important enabler of business success and innovation. Which of the below statements is accurate when referring to MIS?
- A. MIS equals business success and innovation.
 - B. MIS represents business success and innovation.
 - C. MIS is not a valuable tool that leverages talent.
 - D. MIS is a valuable tool that can leverage the talents of people who know how to use and manage it effectively.
171. Which role within a company is responsible for overseeing all uses of MIS and ensuring that MIS strategic aligns with business goals and objectives?
- A. Chief knowledge officer (CKO).
 - B. Chief privacy officer (CPO).
 - C. Chief information officer (CIO).
 - D. Chief security officer (CSO).
172. Which of the following provides an accurate definition of systems thinking?
- A. A way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part.
 - B. A way of monitoring individual components including an input, the process, and an output, while continuously gathering feedback on the entire system.
 - C. A way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on the entire system.
 - D. A way of monitoring singular parts of a system by viewing a single input that is processed or transformed to produce an entire system that is continuously monitored to gather feedback on each individual part.
173. If you were thinking about a washing machine as a system which of the following represents the inputs?
- A. The dirty clothes, water, and detergent.
 - B. The clean clothes.
 - C. The wash and rinse cycle.
 - D. The light indicating that the washer is off balance and has stopped.
174. If you were thinking about a washing machine as a system which of the following represents the process?
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 - C. The wash and rinse cycle.
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- C. The wash and rinse cycle.
- D. The light indicating that the washer is off balance and has stopped.

176.If you were thinking about a washing machine as a system which of the following represents the outputs?

- A. The dirty clothes, water, and detergent.
- B. The clean clothes.
- C. The wash and rinse cycle.
- D. The light indicating that the washer is off balance and has stopped.

177.If you were thinking about an oven as a system which of the following represents the input?

- A. The uncooked food.
- B. The cooked food.
- C. A light indicating that the oven has reached the preheated temperature.
- D. The oven running at 350 degrees for 20 minutes.

178.If you were thinking about an oven as a system which of the following represents the output?

- A. The uncooked food.
- B. The cooked food.
- C. A light indicating that the oven has reached the preheated temperature.
- D. The oven running at 350 degrees for 20 minutes.

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- A. The uncooked food.
- B. The cooked food.
- C. A light indicating that the oven has reached the preheated temperature.
- D. The oven running at 350 degrees for 20 minutes.

180.If you were thinking about an oven as a system which of the following represents the feedback?

- A. The uncooked food.
- B. The cooked food.
- C. A light indicating that the oven has reached the preheated temperature.
- D. The oven running at 350 degrees for 20 minutes.

181.If you were thinking about a home theater system which of the following represents the inputs?

- A. The DVD player, DVD movie, speakers, TV, and electricity.
- B. Playing the movie including the audio through the speakers and the video on the TV.
- C. A message stating that the disk is dirty and cannot be played.
- D. Spinning the disk to play, pause, rewind, or fast forward.

182.If you were thinking about a home theater system which of the following represents the outputs?

- A. The DVD player, DVD movie, speakers, TV, and electricity.
- B. Playing the movie including the audio through the speakers and the video on the TV.
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- D. Spinning the disk to play, pause, rewind, or fast forward.

185.Which of the following is not a typical way that a company would duplicate a competitive advantage?

- A. Acquiring the new technology.
- B. Copying the business operations.
- C. Hiring away key employees.
- D. Carrying large product inventories.

186.When a company is the first to market with a competitive advantage, this is called a first-mover advantage. All of the following companies were first-movers except _____.

- A. FedEx - the online self-service software
- B. Apple - iPad
- C. Apple - iPod
- D. Microsoft - Bing Search Engine

187. A business strategy achieves a specific set of goals which include _____.

- A. Developing new products or services, attracting new competition
- B. Increasing costs, attracting new competition
- C. Attracting new customers, developing new products or services
- D. All of the above

188. Competitive intelligence is the process of gathering information about the competitive environment, including _____.

- A. Competitors' employees
- B. Competitors' differentiated processes
- C. Competitors' plans
- D. All of the above

189. Which of the following is a tool a manager can use to analyze competitive intelligence and identify competitive advantages?

- A. The three generic strategies.
- B. The threat of substitute buyer power.
- C. Differentiated costs.
- D. Supplier loyalty.

190. Identifying competitive advantages can be difficult and explains why they are typically _____.

- A. Temporary
- B. Satisfactory
- C. Terminated
- D. Unsuccessful

191. Updating business strategies is a continuous undertaking as internal and external environments _____.

- A. Become less competitive
- B. Remain stagnant
- C. Rapidly change
- D. Become more consistent

192. Which of the following represents a reason why competitive advantages are typically temporary?

- A. The competitor will hire away your key employees.
- B. The competitor quickly seeks ways to duplicate your business operations.
- C. The competitor will purchase new technology.
- D. All of the above.

193.What is a competitive advantage?

- A. A product that an organization's customers place a lesser value on than similar offerings from a competitor.
- B. A feature of a product or service on which customers place a lesser value than they do on similar offerings from a supplier.
- C. A service that an organization's customers place a lesser value on than similar offerings from a supplier.
- D. A feature of a product or service on which customers place a greater value than they do on similar offerings from competitors.

194.All of the following are common tools used in industry to analyze and develop competitive advantages, except:

- A. Five Forces Model
- B. Three Generic Strategies
- C. Competitive analysis model
- D. Value chain analysis

195.Greg Provenzo owns and runs a Blockbuster video store. Greg is implementing a drive-thru rental process that is the same as you would find at a fast food restaurant. Customers can pick-up and drop-off their videos without leaving their cars. Greg's new system has become so popular that Videos Plus, a competitor down the street, is attempting to recreate Greg's video drive-thru rental process. Greg's system is an example of a _____.

- A. Supply chain power
- B. First-mover advantage
- C. Business processing strategy
- D. Business Intelligence

196.The process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed is the definition of _____.

- A. Feedback
- B. Information
- C. Competitive intelligence
- D. Data

197.Steve Jobs and Apple created a big advantage in the technology industry with the introduction of the iPod, iPhone, and iPad. What are these all examples of?

- A. Competitive advantage
- B. Competitive intelligence
- C. First-mover advantage
- D. All of the above

198. Paula Logston is the owner and operator of a high-end online custom clothing company. Paula has never heard of Porter's Five Forces model and she wants to understand why she would perform an analysis using it. If you were tasked with explaining Porter's Five Forces model to Paula what would be the primary reason she would want to use this type of analysis?
- A. To help Paula choose a clothing business focus.
 - B. To help Paula evaluate the attractiveness of the clothing industry.
 - C. To help Paula evaluate and execute business goals.
 - D. All of the above.
199. A _____ features a product or service on which customers place a greater value than they do on similar offerings from competitors.
- A. Competitive advantage
 - B. Competitor advantage
 - C. Power advantage
 - D. First mover advantage
200. The Victory Wireless store in Denver is currently offering a fabulous marketing strategy for potential new iPhone customers. Victory Wireless offers customers who purchase an iPhone with a 2 year subscription a free Otter phone case, car charger, ear phones, and speakers. In terms of Porter's Five Forces what is Victory Wireless attempting to achieve with this marketing strategy?
- A. Increase buyer power.
 - B. Increase substitute products.
 - C. Decrease supplier power.
 - D. Decrease buyer power.
201. Gina Brooks works for Aquarium Retail Services selling high-end salt water fish and tank supplies. Aquarium Retail Services is the current market leader in Gina's city. Gina has recently been approached by Deep Blue Incorporated with an opportunity to run its corporate nation-wide marketing and sales division. Gina decides to jump at the opportunity! Deep Blue is attempting to gain a competitive _____ by stealing its competitor's key employees.
- A. Power
 - B. Entry Barrier
 - C. Advantage
 - D. Loyalty
202. The banking industry has implemented several competitive advantages including ATM's, online bill pay services, and electronic statements. Of course, these competitive advantages were quickly duplicated by any competitor that wanted to remain in the banking industry. These were all examples of _____ competitive advantages.
- A. Acquiring new technology products and services
 - B. Hiring new employees
 - C. Reducing expenses
 - D. Gaining invaluable feedback from customers

203. Michael Porter defined the Five Forces Model and the potential pressures that can hurt sales. Which of the following is not one of the potential pressures that can hurt sales?
- A. Suppliers can drive down profits by charging more for supplies.
 - B. New market entrants can steal potential investment capital.
 - C. Substitute products can steal customers.
 - D. Competition can steal customers.
204. Which of the following is included in Porter's Five Forces Model?
- A. Loyalty expenses.
 - B. Supply chain management.
 - C. The power of competitors.
 - D. Systems thinking.
205. Kevin Campbell is an incoming freshman at your college. Kevin is frustrated by the cost of books, tuition, and expenses and he also needs to purchase a rather expensive laptop. In an effort to save money, Kevin beings a Facebook group finding other college students who need to purchase laptops. Soon, Kevin's Facebook group has close to 100,000 students. Kevin decides to collectively approach different computer companies to see if his group qualifies for a special discount. What business strategy is Kevin using to purchase laptops?
- A. Collecting business intelligence.
 - B. Decreasing entry barriers.
 - C. Purchasing a substitute product.
 - D. Increasing buyer power.
206. What are costs that make customers reluctant to switch to another product or service?
- A. Support activities.
 - B. Switching costs.
 - C. Loyalty rewards.
 - D. Value chain activities.
207. Callie Crystal owns and operates one of the most successful local coffee shops in Denver, called The Edgewater Café. Each time a customer purchases their 100th cup of coffee at The Edgewater Café they receive a free pound of coffee of their choice. What is Callie attempting to create with her unique "Free Pound of Coffee" marketing program?
- A. Reducing buyer power with a loyalty program.
 - B. Increasing buyer power with a loyalty program.
 - C. Decreasing supplier power with a differentiated product.
 - D. Creating a substitute product.

208.What includes all parties involved, directly or indirectly, in obtaining raw materials or a product?

- A. Support chain.
- B. Supply chain.
- C. System chain.
- D. Supply choice.

209.Which of the below represents a company in a supply chain?

- A. Customer and competitor.
- B. Supplier and competitor.
- C. Knowledge worker and supplier.
- D. Supplier and customer.

210.In the center of Porter's Five Forces model is competition. Which of the below represents the four outer boxes?

- A. Buyer power, systems power, threat of false entrants, and threat of substitute products or services
- B. Buyer power, systems power, threat of new entrants, and threat of substitute products or services
- C. Buyer power, supplier power, threat of new entrants, and threat of substitute products or services
- D. Business power, supplier power, threat of new entrants, and threat of powerful services

211.Shawn McGill is on the executive board for ABC pharmaceuticals. The company produces the number one selling cancer fighting drug on the market. Due to its incredible success ABC pharmaceuticals has decided to increase the cost of the drug from \$8 a pill to \$15 a pill. Which force is ABC pharmaceutical using to increase its drug price?

- A. Supplier power.
- B. Buyer power.
- C. Threat of false entrants.
- D. Business power.

212.What is one of the most common ways a company can decrease supplier power?

- A. Charge lower prices.
- B. Charge higher prices.
- C. Use MIS to find and create alternative products.
- D. Companies cannot impact supplier power.

213.If a supplier has high power what can it do to influence its industry?

- A. Charge higher prices.
- B. Shift costs to industry participants.
- C. Limit quality or services.
- D. All of the above.

214.When buyer power is low, supplier power is typically ____.

- A. Identical
- B. High
- C. Low
- D. Unstable

215.How can a company reduce the threat of substitute products or services?

- A. Market the product to less than ten customers.
- B. Ignore competitive forces.
- C. Offer additional value through wider product distribution.
- D. Offer less value making the product far more generic and similar to the competition.

216.Which one of Porter's five forces is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market?

- A. Threat of new entrants.
- B. Threat of substitute products or services.
- C. Threat of buyer power.
- D. Supply chain competition.

217.John Cleaver is the CEO of Tech World, which is a retail store that sells computers, monitors, cameras, televisions and many other electronic products. John and his executive team are meeting to brainstorm new ideas on how to grow the business. One idea is to mimic a competitor's product that is attempting to sell a new product in a different industry. After performing a Porter's Five Forces analysis John determines that all of the forces are high in this new industry. What should John do?

- A. Explode into the market with an overflow of the product.
- B. Contemplate other products to introduce at the same time in this new market.
- C. Compare the competitor's prices and offer his product lower in this new market.
- D. Not introduce the product because all five forces are strong and this would be a highly risky business strategy.

218. What is a feature of a product or service that customers have come to expect and entering competitors must offer the same if they want to survive?
- A. Significant barrier.
 - B. Entry barrier.
 - C. Product differentiation.
 - D. Entry chain.
219. Which of the following represents a typical supply chain?
- A. Company - Customers - Suppliers.
 - B. Company - Suppliers - Customers.
 - C. Suppliers - Company - Customers.
 - D. Suppliers - Customers - Company.
220. Imagine you are creating a new product to sell in an up-and-coming market. Which of the below statements indicates that it would be easy for you as the new entrants to compete in this market?
- A. The threat of new entrants force is high in the up-and-coming market.
 - B. The threat of new entrants force is low in the up-and-coming market.
 - C. The threat of new entrants force is impossible to define in the up-and-coming market.
 - D. All of the above depending on the time of year.
221. Imagine you are creating a new product to sell in an up-and-coming market. Which of the below statements indicates that it would be difficult for you to enter this new market?
- A. The threat of new entrants force is high in the up-and-coming market.
 - B. The threat of new entrants force is low in the up-and-coming market.
 - C. The threat of new entrants force is high during the summer months in the up-and-coming market.
 - D. All of the above depending on the time of year.
222. Which of the following offers an example where Porter's five forces are mostly strong and competition is high?
- A. A dog walking business.
 - B. A ski resort.
 - C. A professional hockey team.
 - D. All of the above.

223. Which of the following offers an example where Porter's five forces are mostly weak and competition is low?
- A. An international hotel chain purchasing milk.
 - B. A coffee shop.
 - C. A single consumer purchasing milk.
 - D. A dog walking business.
224. Some industries' competition is much more intense than others. Retail grocery stores such as Kroger, Safeway, and Albertson's in the United States experience fierce competition and offer similar marketing campaigns to compete. What is this an example of in terms of Porter's Five Forces?
- A. Rivalry among new entrants.
 - B. Rivalry among existing competitors.
 - C. Threat of substitute products or services.
 - D. Buyer power.
225. Amazon.com uses a customer profiling system whenever a customer visits its website. Using this system, Amazon can offer products tailored to that particular customer's profile and buying pattern. What is Amazon using to achieve this competitive advantage?
- A. Rivalry.
 - B. Buyer power.
 - C. Product differentiation.
 - D. Substitute product.
226. Your boss, Ty Jacob, has asked you to analyze the music industry using Porter's five forces model. Which of the following represents supplier power in the music industry?
- A. Established record labels like EMI, Sony, Universal.
 - B. Walmart, Target, iTunes.
 - C. Game systems like Wii, social networks like Facebook.
 - D. Taylor Swift, Beyonce, The Beatles, The Stones.
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- A. Established record labels like EMI, Sony, Universal.
 - B. Walmart, Target, iTunes.
 - C. Independent record labels.
 - D. Game systems like Wii, social networks like Facebook.

228. Your boss, Ty Jacob, has asked you to analyze the music industry using Porter's five forces model. Which of the following represents the threat of substitute products or services in the music industry?
- A. Established record labels like EMI, Sony, Universal.
 - B. Independent record labels.
 - C. Game systems like Wii, social networks like Facebook.
 - D. Taylor Swift, Beyonce, The Beatles, The Stones.
229. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents supplier power in the soft drink industry?
- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
 - B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
 - C. Zevia Natural Diet Soda begins selling directly over the Internet.
 - D. Vitamin water, fruit juice, coffee.
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 - C. Zevia Natural Diet Soda begins selling directly over the Internet.
 - D. Vitamin water, fruit juice, coffee.
 - E. Coke and Pepsi submit bids to the owner of a football stadium for the exclusive sale of their products during games.
231. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents a threat of a new entrant in the soft drink industry?
- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
 - B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
 - C. Zevia Natural Diet Soda begins selling directly over the Internet.
 - D. Vitamin water, fruit juice, coffee.
232. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents a substitute product in the soft drink industry?
- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
 - B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
 - C. Zevia Natural Diet Soda begins selling directly over the Internet.
 - D. Vitamin water, fruit juice, coffee.

233. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents rivalry in the soft drink industry?
- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
 - B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
 - C. Zevia Natural Diet Soda begins selling directly over the Internet.
 - D. Coke and Pepsi submit bids to the owner of a football stadium for the exclusive sale of their products during games.
234. Porter identified three generic strategies that a business could follow after identifying a market it wanted to enter. Which of the following is not included as one of Porter's three generic strategies?
- A. Broad differentiation.
 - B. Supplier cost differentiation.
 - C. Focused strategy.
 - D. Broad cost leadership.
235. When analyzing Porter's three generic strategies for entering a market, if you have a focused strategy what market should you target?
- A. A niche market.
 - B. A broad market.
 - C. Neither niche or broad markets.
 - D. Both niche and broad markets.
236. Which of the following offers an example of a company operating in a narrow focused-market operating as the low-cost provider?
- A. Walmart.
 - B. Tiffany & Co.
 - C. Neiman Marcus.
 - D. Payless Shoes.
237. Broad differentiation, broad cost leadership, and _____ create the three generic strategies identified by Porter.
- A. Narrow market leadership
 - B. High cost versus low cost
 - C. Focused strategy
 - D. None of the above

238. Jennifer Bloom is writing a paper and she must determine which of Porter's three generic strategies The Museum Company has implemented. Jennifer finds out that The Museum Company offers specialty products found only in museums around the world to affluent customers. What would Jennifer determine The Museum Company is using as its generic strategy?
- A. Broad market, low cost.
 - B. Narrow market, high cost.
 - C. Broad market, high cost.
 - D. Narrow market, low cost.
239. According to Porter companies that wish to dominate broad markets should operate using a _____ strategy.
- A. Cost leadership with a low cost
 - B. Differentiation with a low cost
 - C. Cost leadership with a high cost
 - D. All of the above
240. Which of the following demonstrates a company that has implemented a low cost, broad market strategy?
- A. Neiman Marcus.
 - B. Payless Shoes.
 - C. The Sharper Image.
 - D. Walmart.
241. If a business is following a focused strategy then its competitive scope is _____.
- A. Broad market
 - B. Narrow market
 - C. Broad range products
 - D. Broad range of services
242. When applying Porter's three generic strategies, Tiffany & Co. has a competitive scope and cost strategy that is _____.
- A. Broad market - high cost strategy
 - B. Narrow market - low cost strategy
 - C. Narrow market - high cost strategy
 - D. Broad market - low cost strategy

243. When analyzing the book store industry, some of today's businesses compete with different business strategies and cost strategies. Which of the following is using a broad market competitive scope along with a low cost strategy?
- A. Amazon.com.
 - B. Any local independent book store that specializes in antique books.
 - C. Barnes & Noble.
 - D. Borders books.
244. Which of the below is similar to focused strategy versus broad strategy?
- A. Large market versus leadership.
 - B. Large market versus uniqueness.
 - C. Niche market versus large market.
 - D. Niche market versus generic.
245. Your boss, Tom Repicci, has asked you to analyze the airline industry using Porter's three generic strategies. Which of the following companies are using a cost leadership strategy?
- A. Southwest, Horizon, Frontier, JetBlue.
 - B. British Airways, Singapore Airlines, Virgin Atlantic.
 - C. Sky Taxi - a rent by the hour personal plane service.
 - D. All of the above.
246. Your boss, Tom Repicci, has asked you to analyze the airline industry using Porter's three generic strategies. Which of the following companies are using a differentiation strategy?
- A. Southwest, Horizon, Frontier, JetBlue.
 - B. British Airways, Singapore Airlines, Virgin Atlantic.
 - C. Sky Taxi - a rent by the hour personal plane service.
 - D. All of the above.
247. Your boss, Tom Repicci, has asked you to analyze the airline industry using Porter's three generic strategies. Which of the following companies are using a focused strategy?
- A. Southwest, Horizon, Frontier, JetBlue.
 - B. British Airways, Singapore Airlines, Virgin Atlantic.
 - C. Sky Taxi - a rent by the hour personal plane service.
 - D. All of the above.
248. When reviewing Porter's value chain analysis, which of the below provides customer support after the sale of goods and services?
- A. Inbound logistics.
 - B. Outbound logistics.
 - C. Operations.
 - D. Service.

249. Which of the below represents procurement as part of the support value activities in a value chain analysis?

- A. Purchases inputs such as raw materials, resources, equipment and supplies.
- B. Applies MIS to processes to add value.
- C. Distributes goods and services to customers.
- D. Promotes, prices, and sells products to customers.

250. What includes support value activities and primary value activities and is used to determine how to create the greatest possible value for customers?

- A. Supplier power.
- B. Operations management.
- C. Porter's Five Forces Model.
- D. The Value Chain analysis.

251. What is a standardized set of activities that accomplishes a specific task?

- A. Business strategy.
- B. Business outcome.
- C. Business process.
- D. Knowledge process.

252. Which of the following analyzes a company's business processes and is useful for determining how to create the greatest possible value for customers?

- A. Product analysis.
- B. Primary supplier power.
- C. Value chain analysis.
- D. Buyer chain analysis.

253. The goal of value chain analysis is to identify processes in which the firm can add value for the customer and create a competitive advantage for itself, with a _____ or _____.

- A. Focused strategy; product differentiation
- B. Focused strategy; cost advantage
- C. Cost advantage; primary value activities
- D. Cost advantage; product differentiation

254. What are the two main categories in a value chain analysis?

- A. Primary value activities & secondary value activities.
- B. Primary value activities & support value activities.
- C. Primary value activities & strengthening value activities.
- D. None of the above.

255. Which of the following is not considered a category within the primary value activities in a value chain analysis?

- A. Inbound logistics.
- B. Firm infrastructure.
- C. Operations.
- D. Service.

256. Which of the following is not considered a category within the support value activities in a value chain analysis?

- A. Technology development.
- B. Outbound logistics.
- C. Human resource management.
- D. Firm infrastructure.

257. What is the support value activity that provides employees with training, hiring, and compensation?

- A. Procurement.
- B. Operations resource management.
- C. Human resource management.
- D. Firm infrastructure.

258. Sandy Fiero works as the Chief Knowledge Officer for Bend Lumbar Company. She has been given the responsibility to create a product or service that will bring an added value to its customers to increase the company's revenue. Sandy determines that the best value she can add is by creating a service that offers free next day shipping on any order over \$50. Where in the value chain is Sandy adding value?

- A. The primary value activity outbound logistics.
- B. The primary value activity inbound logistics.
- C. The primary value activity marketing and sales.
- D. The primary value activity operations.

259. When evaluating the value chain, all of the following are included in the primary value activities except:

- A. Inbound activities.
- B. Operations.
- C. Service.
- D. MIS development.

260. When evaluating the value chain, which of the following is included in the support value activities?
- A. Inbound activities.
 - B. Marketing and sales.
 - C. Firm infrastructure.
 - D. Finance and sales.
261. Which of the following decisions does a firm need to make as soon as it has identified the activities from the value chain that are bringing the highest added value to their customers?
- A. Target high value-adding activities to further enhance their value.
 - B. Target low value-adding activities to increase their value.
 - C. Perform some combination of the two.
 - D. All of the above.
262. MIS can add value to both primary activities and support activities in the value chain. Which of the following is not an example of a company adding value by the use of MIS in a primary activity?
- A. Scottrade Corp. creating an online system for employees to track paychecks, benefits, wellness rewards program, and other employee benefit items.
 - B. A system for the sales and marketing departments to track specific sales targets and follow up processes.
 - C. An easy electronic survey, similar to the survey monkey, to be sent to the customer right after a service was completed.
 - D. Royal Crest Dairy using their custom order and delivery system through an easily accessible Web portal for the customer to track delivery status.
263. MIS can add value to both primary and support activities within a business. Which of the following is not an example of a company adding value by the use of MIS in a support activity?
- A. Netflix creating a business strategy for the video rental market that delivers videos via the mail.
 - B. The human resources department creates a tracking system to efficiently reward employees based on their performance.
 - C. Scottrade Corp. creating an online system for employees to track paychecks, benefits, wellness rewards program, and other employee benefit items.
 - D. The University of Forks creates a program to automatically order office supplies such as pens and pads of paper for its employees.

Fill in the Blank Questions

264. A _____ is the confirmation or validation of an event or object.

265. The core drivers of the information age are data, knowledge, business intelligence and _____.
- _____
266. Today's workers are commonly referred to as _____ workers who use business intelligence along with personal experience to make decisions.
- _____
267. Top managers use _____ intelligence to define the future of the business, analyzing markets, industries, and economies.
- _____
268. The information _____ is when infinite quantities of fact are widely available to anyone who can use a computer.
- _____
269. Listing products that are about to expire first on the menu or creating them as a daily special to move the product is considered a type of _____.
- _____
270. Best-selling product by month compared to sports season and city team wins and losses is considered a type of business _____.
- _____
271. Companies are organized by departments. The _____ department is responsible for maintaining records, measures, and reports monetary transactions.
- _____
272. The _____ management department in a company manages the process of converting or transforming of resources into goods or services.
- _____
273. The _____ department tracks strategic financial issues including money, banking, credit, investments, and assets.
- _____
274. The _____ resources department maintains policies, plans, and procedures for a company.
- _____
275. _____ is information that returns to its original transmitter and modifies the transmitter's actions.
- _____

276.A _____ is a collection of parts that link to achieve a common purpose.

277.A _____ strategy is a leadership plan that achieves a specific set of goals or objectives.

278._____ are material items or products that customer's will buy to satisfy a want or need.

279._____ are tasks performed by people that customer's will buy to satisfy a want or need.

280._____ is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.

281._____ is the rate at which goods and services are produced based upon total output given total inputs.

282.A car is an example of a _____.

283.A hair cut is an example of a _____.

284.The Chief Information Officer is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with _____ goals and objectives.

285.The Chief Security Officer is responsible for ensuring the _____ of business systems and developing strategies and safeguards against attacks by hackers and viruses.

286.The Chief _____ Officer is responsible for collecting, maintaining, and distributing company knowledge.

287.The Chief _____ Officer is responsible for ensuring the speed, accuracy, availability, and reliability of the MIS.

288. The Chief _____ Officer is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives.

289. The Chief _____ Officer is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks by hackers and viruses.

290. Business strategies that match _____ company competencies to opportunities result in a competitive advantage.

291. Competitive _____ is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.

292. Apple utilized the first-mover _____ with its iPod product.

293. _____ costs is a common business strategy.

294. _____ new customers is a common business strategy.

295. _____ new markets is a common business strategy.

296. Michael Porter identified pressures that can hurt potential sales. Knowledgeable customers can force _____ prices by pitting rivals against each other.

297. _____ power measures the ability of buyers to affect the price they must pay for an item.

298. Enter *high* or *low* in the blank:
The threat of substitute products or services is _____ when there are many alternatives to a product or service and low when there are few alternatives from which to choose.

299. The _____ chain consists of all parties involved, directly or indirectly, in obtaining raw materials or a product.

300. Enter *high* or *low* in the blank:
Rivalry among existing competitors is _____ when competition is fierce in a market and low when competitors are more complacent.

301. Porter has identified three _____ business strategies for entering a new market: 1) broad cost leadership, 2) broad differentiation, and 3) focused strategy.

302. Focused strategies concentrate on either cost leadership or _____.

303. Porter suggests adopting only _____ of the three generic strategies.

304. A _____ chain analysis views a firm as a series of business processes that each adds value to the product or service.

305. _____ value activities found at the bottom of the value chain, these include business processes that acquire raw materials and manufacture, deliver, market, sell, and provide after-sales services.

306. _____ value activities are found along the top of the value chain and include business processes, such as firm infrastructure, human resource management, technology development, and procurement that support the primary value activities.

Essay Questions

307. Describe the information age and the differences between data, information, business intelligence, and knowledge.

308. Identify the different departments in a company and why they must work together to achieve success.

309. Explain systems thinking and how management information systems enable business communications.

310. Explain why competitive advantages are temporary.

311. Describe Porter's Five Forces Model and explain each of the five forces.

312. Compare Porter's three generic strategies.

313. Demonstrate how a company can add value by using Porter's value chain analysis.

Chapter 01 Management Information Systems: Business Driven MIS

Answer Key

True / False Questions

1. Companies today are successful when they combine the power of the information age with traditional business methods.
(p. 6)

TRUE

Companies today are successful when they combine the power of the information age with traditional business methods.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

2. Competitive intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making.
(p. 8)

FALSE

This is the definition of business intelligence not competitive intelligence. Business intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

3. The information age is the present time, during which infinite quantities of facts are widely available to anyone who can use a computer.
(p. 6)

TRUE

The information age is the present time, during which infinite quantities of facts are widely available to anyone who can use a computer.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

4. Technology provides countless business opportunities, but can also lead to pitfalls and traps
(p. 22) for a business.

TRUE

Technology provides countless business opportunities, but can also lead to pitfalls and traps for a business.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

Topic: Value Chain Analysis-Executing Business Strategies

5. Top managers use social intelligence to define the future of the business, analyzing markets,
(p. 8) industries and economies to determine the strategic direction the company must follow to remain unprofitable.

FALSE

Top managers use business intelligence, not social intelligence and their goal is to remain profitable not unprofitable.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

6. A variable is a business intelligence characteristic that stands for a value that cannot change
(p. 8) over time.

FALSE

A variable is a data characteristic that can change over time.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

7. A fact is the confirmation or validation of an event or object. In the past, people primarily learned facts from books.
(p. 6)

TRUE

A fact is the confirmation or validation of an event or object. In the past, people primarily learned facts from books.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

8. Zappos is not a technology company; its primary business focus is to sell books.
(p. 6)

FALSE

Zappos is not a technology company; its primary business focus is to sell shoes, bags, clothing, and accessories.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

9. Order date, amount sold, and customer number are all forms of data.
(p. 7)

TRUE

Order date, amount sold, and customer number are all forms of data.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

10. Choosing not to fire a sales representative who is underperforming knowing that person is experiencing family problems is a form of knowledge.
(p. 7)

TRUE

Choosing not to fire a sales representative who is underperforming knowing that person is experiencing family problems is a form of knowledge.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

11. Information is data converted into a meaningful and useful context. The truth about information is that its value is only as good as the people who use it. People using the same information can make different decisions depending on how they interpret or analyze the information.

TRUE

Information is data converted into a meaningful and useful context. The truth about information is that its value is only as good as the people who use it. People using the same information can make different decisions depending on how they interpret or analyze the information.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

12. Knowledge workers are individuals valued for their ability to manage teams and implement critical human resource rules and regulations.

FALSE

Knowledge workers are individuals valued for their ability to interpret and analyze information.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

13. Using data and information to make decisions and solve problems is the key to finding success in business. These are also the core drivers of the information age and the building blocks of business systems.

FALSE

Using data, information, business intelligence, and knowledge to make decisions and solve problems is the key to finding success in business. These are also the core drivers of the information age and the building blocks of business systems.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 3 Hard

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

14. Companies update business strategies continuously as internal and external environments change.
(p. 15)

TRUE

Companies update business strategies continuously as internal and external environments change.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

15. The finance department performs the function of selling goods or services.
(p. 10)

FALSE

The sales department performs the function of selling goods or services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

16. The marketing department supports sales by planning, pricing, and promoting goods or services.
(p. 10)

TRUE

The marketing department supports sales by planning, pricing, and promoting goods or services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

17. The operations management department manages the process of converting or transforming resources into goods or services.
(p. 10)

TRUE

The operations management department manages the process of converting or transforming resources into goods or services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

18. The accounting and finance departments primarily use monetary data.
(p. 10-11)

TRUE

The accounting and finance departments primarily use monetary data.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

19. The sales and marketing departments primarily use production data.
(p. 10)

FALSE

The sales and marketing departments primarily use transactional data.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

20. For an organization to succeed, every department or functional area must work independently to be most effective.
(p. 11)

FALSE

For an organization to succeed, every department or functional area must work together or interdependently sharing common information and not be a "silo".

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

21. Successful companies today operate cross-functionally, integrating the operations of all departments.
(p. 13)

TRUE

Successful companies today operate cross-functionally, integrating the operations of all departments.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business

22. An overview of systems thinking includes input, process, output, and finances.
(p. 14)

FALSE

An overview of the systems thinking includes input, process, output, and feedback.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

23. MIS is a tool that is most valuable when it leverages the talents of people who know how to use and manage it effectively.
(p. 14)

TRUE

MIS is a tool that is most valuable when it leverages the talents of people who know how to use and manage it effectively.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

24. The chief technology officer is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks from hackers and viruses.
(p. 14)

FALSE

The chief technology officer is responsible for ensuring the speed, accuracy, availability, and reliability for MIS.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

25. The chief security officer is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks from hackers and viruses.
(p. 14)

TRUE

The chief security officer is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks from hackers and viruses.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

26. The chief technology officer is responsible for ensuring the speed, accuracy, availability, and reliability for MIS.
(p. 14)

TRUE

The chief technology officer is responsible for ensuring the speed, accuracy, availability, and reliability for MIS.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

27. The chief privacy officer is responsible for ensuring the ethical and legal use of information within a company.
(p. 14)

TRUE

The chief privacy officer is responsible for ensuring the ethical and legal use of information within a company.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

28. The chief knowledge officer is responsible for (1) overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives.
(p. 14)

FALSE

The chief information officer is responsible for (1) overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

29. The chief knowledge officer is responsible for collecting, maintaining, and distributing company knowledge.
(p. 14)

TRUE

The chief knowledge officer is responsible for collecting, maintaining, and distributing company knowledge.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

30. Waiting tables, teaching, and cutting hair are all examples of services that people pay for to fulfill their needs.
(p. 13)

TRUE

Waiting tables, teaching, and cutting hair are all examples of services that people pay for to fulfill their needs.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

31. Goods are material items or products that customer's will buy to satisfy a want or need.
(p. 13)

TRUE

Goods are material items or products that customer's will buy to satisfy a want or need.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

32. Cars, groceries, and clothing are all examples of goods.
(p. 13)

TRUE

Cars, groceries, and clothing are all examples of goods.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

33. Production is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
(p. 13)

TRUE

Production is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

34. Productivity is the rate at which goods and services are produced based upon total output given total inputs.
(p. 13)

TRUE

Productivity is the rate at which goods and services are produced based upon total output given total inputs.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

35. Lettuce, tomatoes, patty, bun, and ketchup are included in the process of making a hamburger.
(p. 13)

FALSE

Lettuce, tomatoes, patty, bun, and ketchup are included as inputs of making a hamburger.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand

Difficulty: 2 Medium
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

36. Cooking a patty and putting the ingredients together are included in the process of making a
(p. 13) hamburger.

TRUE

Cooking a patty and putting the ingredients together are included in the process of making a hamburger.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

37. Bread, cheese, and butter are included in the process of making a grilled cheese sandwich.
(p. 13)

TRUE

Bread, cheese, and butter are included as the inputs of making a grilled cheese sandwich.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

38. A grilled cheese sandwich is considered the final output of a making-a-sandwich process.
(p. 13)

TRUE

A grilled cheese sandwich is considered the final output of a making-a-sandwich process.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

39. If a business could produce the same hamburger with less expensive inputs it would probably see a decrease in profits.
(p. 13)

FALSE

If a business could produce the same hamburger with less expensive inputs it would probably see an increase in profits.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

40. If a business could produce more hamburgers with the same inputs it would see a rise in productivity and possibly an increase in profits.
(p. 13)

TRUE

If a business could produce more hamburgers with the same inputs it would see a rise in productivity and possibly an increase in profits.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

41. A leadership plan that achieves a specific set of goals or objectives is a business strategy.
(p. 15)

TRUE

A leadership plan achieves a specific set of goals or objectives is a business strategy.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

42. When a company is the first to market with a competitive advantage, it gains a particular benefit known as competitive intelligence.
(p. 15)

FALSE

When a company is the first to market with a competitive advantage, it gains a particular benefit known as a first-mover advantage.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember

Difficulty: 1 Easy
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

43. To combat business challenges leaders communicate and execute business strategies from
(p. 15) the Greek word stratus for army and ago for leading.

TRUE

To combat business challenges leaders communicate and execute business strategies from the Greek word stratus for army and ago for leading.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

44. Businesses rarely need to update business strategies as the business environment remains
(p. 15) relatively stable.

FALSE

Businesses constantly need to update business strategies as the business environment rapidly changes.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 2 Medium
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

45. Attracting new customers, decreasing costs, and entering new markets are all examples of
(p. 15) business strategies.

TRUE

Attracting new customers, decreasing costs, and entering new markets are all examples of business strategies.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 2 Medium
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

46. Decreasing customer loyalty, increasing costs, and decreasing sales are all examples of business strategies.
(p. 15)

FALSE

Increasing customer loyalty, decreasing costs, and increasing sales are all examples of business strategies.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 2 Medium

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

47. A first-mover advantage is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.
(p. 16)

FALSE

Competitive intelligence is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

48. FedEx created a first-mover advantage by developing its customer self-service software, which allows people to request parcel pickups, print mailing slips, and track parcels online.
(p. 16)

TRUE

FedEx created a first-mover advantage by developing its customer self-service software, which allows people to request parcel pickups, print mailing slips, and track parcels online.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

49. Competitive advantages provide the same product or service either at a lower price or with additional value that can fetch premium prices.
(p. 15)

TRUE

Competitive advantages provide the same product or service either at a lower price or with additional value that can fetch premium prices.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 2 Medium

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

50. Mark Peterson identified the Porter's Five Forces Model which analyzes the competitive forces within a business environment.
(p. 17)

FALSE

Michael Porter identified the Porter's Five Forces Model which analyzes the competitive forces within a business environment.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

51. Porter's Five Forces Model outlines the process for a sales strategy.
(p. 17)

FALSE

Porter's Five Forces Model analyzes the competitive forces within the environment in which a company operates to assess the potential for profitability in an industry.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

52. With the Five Forces Model, companies should watch the forces in the market. If the forces are strong competition generally increases and if the forces are weak competition typically decreases.
(p. 17)

TRUE

With the Five Forces Model, companies should watch the forces in the market. If the forces are strong competition generally increases and if the forces are weak competition typically decreases.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

53. (p. 17) There are many challenges to changing doctors, including transferring medical records and losing the doctor patient relationship along with the doctor's knowledge of the patient's history. Changing doctors provides a great example of switching costs.

TRUE

Switching costs are costs that make customers reluctant to switch to another product or service. Switching costs include financial as well as intangible values.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

54. (p. 18) Supplier power is one of Porter's five forces and it measures the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services).

TRUE

Supplier power is one of Porter's five forces that measures the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services).

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

55. (p. 18) Polaroid had a unique competitive advantage for many years until it forgot to observe competitive intelligence. The firm went bankrupt when people began taking digital pictures. Polaroid provides a great example of Porter's threat of new entrants.

FALSE

This is an example of Porter's threat of substitute products or services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

56. (p. 18) Product differentiation occurs when a company develops unique differences in its products or services with the intent to influence demand.

TRUE

Product differentiation occurs when a company develops unique differences in its products or services with the intent to influence demand.

AACSB: Reflective Thinking
AACSB: Technology

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

57. Buyer power is the ability of buyers to affect the price they must pay for an item.
(p. 17)

TRUE

Buyer power is the ability of buyers to affect the price they must pay for an item.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

58. Rivalry among existing competitors refers to the ability of buyers to affect the price they must pay for an item.
(p. 18)

FALSE

Buyer power is the ability of buyers to affect the price they must pay for an item.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

59. The threat of substitute products or services refers to the power of customers to purchase alternatives.
(p. 17)

TRUE

The threat of substitute products or services refers to the power of customers to purchase alternatives.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

60. The threat of substitute products or services refers to the power of competitors to enter a new market.
(p. 17)

FALSE

The threat of substitute products or services refers to the power of customers to purchase alternatives.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

61. Tiffany & Company competes in the marketplace by offering high cost custom jewelry. Tiffany & Company is following a broad market and cost leadership strategy.
(p. 20)

FALSE

Tiffany & Company is following a focused market with high cost differentiation strategy.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

62. Porter has identified three generic business strategies including focused, broad cost leadership, and switching strategy.
(p. 20)

FALSE

Porter has identified three generic business strategies: 1) broad cost leadership, 2) broad differentiation, and 3) focused strategy.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

63. According to Porter's three generic strategies, Walmart is following a business strategy that focuses on 'broad market and low cost'.
(p. 21)

TRUE

An example of a business that uses the business strategy 'broad market and low cost' is Walmart.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

64. According to Porter it is recommended to adopt only one of the three generic strategies.
(p. 20)

TRUE

According to Porter it is recommended to adopt only one of the three generic strategies.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

65. Buyer power is included as one of Porter's three generic strategies.
(p. 17)

FALSE

Buyer power is included as one of Porter's five forces.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

66. Value chain analysis views a firm as a series of business processes that each adds value to
(p. 21) the product or service.

TRUE

Value chain analysis views a firm as a series of business processes that each adds value to the product or service.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

67. A standardized set of activities that accomplish a specific task is called a supply chain
(p. 21) component.

FALSE

A standardized set of activities that accomplish a specific task is called a business process.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

68. The value chain will group a company's activities into two categories: primary value activities and support value activities.
(p. 21)

TRUE

The value chain will group a company's activities into two categories: primary value activities and support value activities.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

69. A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order.
(p. 21)

TRUE

A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

70. A primary value activity is a standardized set of activities that accomplish a specific task, such as processing a customer's order.
(p. 21)

FALSE

A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

71. Inbound logistics and operations are part of the primary value activities.
(p. 21)

TRUE

Inbound logistics and operations are part of the primary value activities.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

72. Inbound logistics and operations are part of the support value activities.
(p. 21)

FALSE

Inbound logistics and operations are part of the primary value activities.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

Topic: Value Chain Analysis-Executing Business Strategies

73. Firm infrastructure and human resource management are part of the primary value activities.
(p. 22)

FALSE

Firm infrastructure and human resource management are part of the support value activities.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

Topic: Value Chain Analysis-Executing Business Strategies

74. Firm infrastructure and human resource management are part of the support value activities.
(p. 22)

TRUE

Firm infrastructure and human resource management are part of the support value activities.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

Topic: Value Chain Analysis-Executing Business Strategies

Multiple Choice Questions

75. Which of the following is not considered a core driver of the information age?
(p. 6)

- A. Information.
- B. Business Intelligence.
- C. Competitive Intelligence.**
- D. Data.

The core drivers of the information age include data, information, business intelligence, and knowledge.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

76. Which of the following is not considered a core driver of the information age?
(p. 6)

- A. Information.
- B. Business Intelligence.
- C. Knowledge.
- D. All of the above.**

The core drivers of the information age include data, information, business intelligence, and knowledge.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

77. Which of the following is considered a core driver of the information age?
(p. 6)

- A. Fact.
- B. Goods.
- C. Competitive Intelligence.
- D. Data.**

The core drivers of the information age include data, information, business intelligence, and knowledge.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

78. Which of the following is considered a core driver of the information age?
(p. 6)

- A. Information.
- B. Business Intelligence.
- C. Knowledge.
- D. All of the above.**

The core drivers of the information age include data, information, business intelligence, and knowledge.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

79. Why do students need to study information technology?
(p. 6)

- A. Information technology is everywhere in business**
 - B. Information technology is rarely discussed in business
 - C. Information technology is rarely used in organizations
 - D. Information technology is found in only a few businesses
- Information technology is everywhere in business.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

80. Why do students need to study information technology?
(p. 6)

- A. Information technology is everywhere in business
- B. Information technology is frequently discussed in business
- C. Information technology is frequently used in organizations
- D. All of the above.**

Information technology is everywhere in business, frequently discussed in business, and frequently used in organizations.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and

81. What is the confirmation or validation of an event or object?
(p. 6)

- A. Fact.
 - B. Data.
 - C. Information technology.
 - D. All of the above.
- A fact is the confirmation or validation of an event or object.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

82. The age we live in has infinite quantities of facts that are widely available to anyone who can use a computer. What age is this statement referring to?
(p. 6)

- A. Data age.
 - B. Information age.
 - C. Business intelligence age.
 - D. All of the above.
- The information age has infinite quantities of facts that are widely available to anyone who can use a computer.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

83. Which of the following is not a technology company but used technology to revamp the business process of selling books?
(p. 6)

- A. Netflix.
 - B. Dell.
 - C. Zappos.
 - D. Amazon.
- Amazon is not a technology company but used technology to revamp the business process of selling books.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

84. Which of the following is not a technology company but used technology to revamp the business process of renting videos?
(p. 6)

- A. Netflix.
- B. Dell.
- C. Zappos.
- D. Amazon.

Netflix is not a technology company but used technology to revamp the business process of renting videos.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

85. Which of the following is not a technology company but used technology to revamp the business process of selling shoes?
(p. 6)

- A. Netflix.
- B. Dell.
- C. Zappos.
- D. Amazon.

Zappos is not a technology company but used technology to revamp the business process of selling shoes.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

86. What is data?
(p. 6)

- A. Raw facts that describe the characteristics of an event or object.
 - B. Data converted into a meaningful and useful context.
 - C. Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.
 - D. Skills, experience, and expertise, coupled with information and intelligence, that creates a person's intellectual resources.
- Raw facts that describe the characteristics of an event or object.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

87. What is information?
(p. 8)

- A. Raw facts that describe the characteristics of an event or object.
 - B. Data converted into a meaningful and useful context.
 - C. Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.
 - D. Skills, experience, and expertise, coupled with information and intelligence that creates a person's intellectual resources.
- Data converted into a meaningful and useful context.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

88. What is business intelligence?
(p. 8)

- A. Raw facts that describe the characteristics of an event or object.
 - B. Data converted into a meaningful and useful context.
 - C. Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.
 - D. Skills, experience, and expertise, coupled with information and intelligence, that creates a person's intellectual resources.
- Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.

AACSB: Reflective Thinking
AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

89. What is business intelligence?

(p. 8)

- A. Raw facts that describe the characteristics of an event or object.
 - B. Data converted into a meaningful and useful context.
 - C. Information collected from multiple sources that analyzes patterns, trends, and relationships for strategic decision making.
 - D. Skills, experience, and expertise, coupled with information and intelligence, that creates a person's intellectual resources.
- Skills, experience, and expertise, coupled with information and intelligence, that creates a person's intellectual resources.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

90. Which of the following is considered information?

(p. 7)

- A. Quantity sold
 - B. Date sold
 - C. Best-selling item by month
 - D. All of the above
- Best-selling item by month is information.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

91. Which of the following is considered data?
(p. 7)

- A.** Quantity sold
 - B. Best customer by month
 - C. Best selling item by month
 - D. Worst selling item by month
- Quantity sold is data.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

92. Cheryl Steffan is the operations manager for Nature's Bread Company, which specializes in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analyzing, and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of a piece of data Cheryl would be using to successfully perform her job?
(p. 6)

- A.** Craig Newmark is customer number 15467.
 - B. Compare the costs of supplies including energy over the last five years to determine the best-selling product by month.
 - C. Best-selling product by day.
 - D. Best-selling product changes when Tony the best baker is working.
- Data is raw facts that describe the characteristics of an event or object. Data for Cheryl would include Craig Newmark is customer number 15467.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

93. Cheryl Steffan is the operations manager for Nature's Bread Company, which specializes in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analyzing, and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of the type of information Cheryl would be using to successfully perform her job?

- A. Craig Newmark is customer number 15467.
B. Compare the costs of supplies including energy over the last five years to determine the best-selling product by month.
C. Best-selling product by day.
D. Best-selling product changes when Tony the best baker is working.
Best-selling product by day is an example of information.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Analyze

Difficulty: 3 Hard

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

94. Cheryl Steffan is the operations manager for Nature's Bread Company, which specializes in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analyzing, and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of knowledge that Cheryl would be using to successfully perform her job?

- A. Craig Newmark is customer number 15467.
B. Compare the costs of supplies including energy over the last five years to determine the best-selling product by month.
C. Best-selling product by day.
D. Best-selling product changes when Tony the best baker is working.
Knowledge would include knowing that the best baker is Tony and that when he works the best selling product changes.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Analyze

Difficulty: 3 Hard

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

95. Cheryl Steffan is the operations manager for Nature's Bread Company, which specializes in providing natural products for health conscious individuals. Cheryl is responsible for compiling, analyzing, and evaluating daily sales numbers to determine the company's profitability and forecast production for the next day. Which of the following is an example of knowledge that Cheryl would be using to successfully perform her job?

- A. Craig Newmark is customer number 15467.
B. Compare the costs of supplies including energy over the last five years to determine the best-selling product by month.
C. Best-selling product by day.
D. Best-selling product changes when Tony the best baker is working.
Comparing the costs of supplies including energy over the last five years to determine the best-selling product by month.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

96. Data is useful for understanding individual sales, but to gain deeper insight into a business data needs to be turned into information. Which of the following offers an example of turning data into information?

- A. Who are my best customers?
B. What is my best-selling product?
C. What is my worst-selling product?

D. All of the above

Questions outlined in the book include: Who are my best customers? Who are my least-profitable customers? What is my best-selling product? What is my slowest-selling product? Who is my strongest sales representative? Who is my weakest sales representative?

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

97. Which of the following provides an example of information?
(p. 8)

- A. Who is customer number 12345XX?
- B. What is product number 12345XX?
- C. What customer number is Bob Smith?
- D. What is my worst-selling product?**

What is my worst-selling product is an example of taking data and turning it into information.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

98. Which of the following provides an example of data?
(p. 6-7)

- A. Who are my best customers?
- B. What is my best-selling product?
- C. What is my worst-selling product?
- D. Who is customer number 12345XX?**

Who is customer number 12345XX is an example of data.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

99. Business intelligence is information collected from multiple sources. Which of the following provides an example of a source that would be included in business intelligence?
(p. 8)

- A. Suppliers.
- B. Customers.
- C. Competitors.
- D. All of the above.**

Business Intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

100. Knowledge includes the skills, experience, and expertise coupled with information and
(p. 8) _____ that creates a person's intellectual resources.

- A. Resources
- B. Intelligence**
- C. Expectations
- D. Enterprise information

The definition of knowledge is skills, experience, and expertise coupled with information and intelligence that creates a person's intellectual resources.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

101. Which of the following is not a topic associated with the information age?
(p. 6)

- A. Collection of data.
- B. Storage of data.
- C. College statistics for data.**
- D. Use of data.

We live in the information age where the collection, storage, and the use of data are hot topics.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

102. Which of the following represents the core drives of the information age?
(p. 6)

- A. Data, Information, Business Intelligence, Knowledge.**
- B. Fact, Data, Intelligence, Experience.
- C. Fact, Intelligence, Business Skills, Knowledge.
- D. Data, Intelligence, Business Information, Knowledge.

Data, Information, Business Intelligence, and Knowledge are the core drivers of the information age.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

103. Which of the following is not a core driver of the information age?
(p. 6)

- A. Information.
- B. Knowledge.
- C. Fact.**
- D. Data.

The core drivers of the information age are data, information, business intelligence, and knowledge.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

104. Which of the following represents the definition of a variable?
(p. 8)

- A. A data characteristic that is collected through competitive intelligence and cannot change over time.
- B. A data characteristic that stands for a value that changes or varies over time.**
- C. A data characteristic that stands for a value that does not change or vary over time.
- D. A data characteristic that is collected only through competitive intelligence and can change over time.

A variable is a data characteristic that stands for a value that changes or varies over time and can be manipulated to help improve profits.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

105. Today's workers are referred to as _____ and they use BI along with personal experience to make decisions based on both information and intuition, a valuable resource for any company.
(p. 8)

- A. Knowledge workers
- B. Knowledge thinkers
- C. Knowledge resources
- D. All of the above

Today's workers are commonly referred to as knowledge workers and they use BI along with personal experience to make decisions based on both information and intuition, a valuable resource for any company.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

106. What is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making?
(p. 8)

- A. Supplier's intelligence.
- B. Social intelligence.
- C. Employee intelligence.
- D. Business intelligence.

Business intelligence is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

107. Information is data converted into useful, meaningful context. What are data characteristics that change or vary over time?
(p. 8)

- A. Facts.
- B. Variables.**
- C. Supplies.
- D. Vulnerable.

A variable is a data characteristic that stands for a value that changes or varies over time.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

108. Which of the below is the key term that defines the confirmation or validation of an event or object?
(p. 6)

- A. Buyer power.
- B. Data.
- C. Fact.**
- D. Entry barrier.

A fact is the confirmation or validation of an event or object.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

109. What is data converted into a meaningful and useful context?
(p. 8)

- A. Competitive intelligence.
- B. Information.**
- C. Buyer power.
- D. First-mover advantage.

Information is data converted into a meaningful and useful context.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

110. As companies move from data to knowledge they will start to include more and more variables for analysis resulting in better, more precise support for _____.
(p. 13)

- A. Decision making
- B. Problem solving
- C. Both A & B**
- D. None of the above

As companies move from data to knowledge they will start to include more and more variables for analysis resulting in better, more precise support for 1) decision making, and 2) problem solving.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

111. How are the majority of companies today typically organized?
(p. 9)

- A. By departments or functional areas.**
- B. By departments or financial areas.
- C. By degree or financial areas.
- D. All of the above.

Companies today are typically organized by departments or functional areas.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

112. How does the text recommend that a company operate if it wants to be successful in the information age?
(p. 10)

- A. Functionally independent between departments.
 - B. Interdependently between departments.**
 - C. Together as one department with little or no independence.
 - D. Each department acting as its own individual business unit.
- For companies to operate as a whole and be successful in our current business environment today, they must operate interdependently between departments.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

113. Most companies are typically organized by departments or functional areas. Which of the following is not a common department found in a company?

(p. 9)

- A. Accounting.
 - B. Payroll.**
 - C. Marketing.
 - D. Human Resources.
- Payroll is part of the accounting department.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

114. Which of the following is typically performed by the sales or marketing department?

(p. 10)

- A. Manage enterprise-wide processes.
 - B. Maintain employment policies.
 - C. Manage cross-enterprise processes.
 - D. Maintain transactional data.**
- Sales and marketing departments focus on moving goods or services into the hands of the consumers and maintain transactional data.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

115. The sales department needs to rely on information from operations to understand _____.

(p. 11)

- A. Inventory
 - B. Customer orders
 - C. Demand forecasts
 - D. All of the above**
- Sales needs to rely on information from operations to understand inventory, place orders, and forecast consumer demand.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

116. Which of the following represents the department that maintains policies, plans, and procedures for the effective management of employees?
(p. 10)

- A.** Human Resources.
- B. Sales.
- C. Employee Resources.
- D. Employee Relations.

Human resources maintains policies, plans, and procedures for the effective management of employees.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

117. Greg works for Geneva Steel Corporation. Greg's duties include managing the overall processes for the company and transforming the steel resources into goods. Which department would Greg most likely work in?
(p. 10)

- A. Accounting Manager.
- B.** Operations Manager.
- C. Marketing Manager.
- D. CIO.

Operations management manages the process of converting or transforming of resources into goods or services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

118. Information technology can enable departments to more efficiently and effectively perform their core _____.
(p. 14)

- A. Facts
- B. Feedback mechanisms
- C.** Business operations
- D. Media issues

Information technology can enable departments to more efficiently and effectively perform their business operations.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

119. The department within a company that records, measures, and reports monetary transactions is called _____.

(p. 9)

- A.** Accounting
- B. Marketing
- C. Finance
- D. Operations Management

The department within a company that records, measures, and reports monetary transactions is accounting.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

120. The department within a company that performs the function of selling goods or services is called _____.

(p. 10)

- A. Marketing
- B.** Sales
- C. Finance
- D. Operations Management

The department with a company that performs the function of selling goods or services is sales.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

121. The department within a company that supports the sales by planning, pricing, and promoting goods or services is called _____.
(p. 10)

- A. Sales
- B. Operations Management
- C. Accounting
- D. Marketing**

The department with a company that supports the sales by planning, pricing, and promoting goods or services is marketing.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

122. Which of the following represents the relationship between functional areas in a business?
(p. 9-10)

- A. Independent
- B. Autonomous
- C. Interdependent**
- D. Self-sufficient

Functional areas are interdependent.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

123. Which of the following represents the types of data commonly found in the accounting department?
(p. 10-11)

- A. Monetary data.**
- B. Technology data.
- C. Production data.
- D. Employee data.

Monetary data is most commonly found in the accounting department.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

124. Which of the following represents the types of data commonly found in the finance department?
(p. 10-11)

- A. Monetary data.
- B. Technology data.
- C. Production data.
- D. Employee data.

Monetary data is most commonly found in the finance department.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

125. Which of the following represents the types of data commonly found in the human resource department?
(p. 11)

- A. Monetary data.
- B. Technology data.
- C. Production data.
- D. Employee data.

Employee data is most commonly found in the human resource department.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

126. Which of the following represents the types of data commonly found in the sales department?
(p. 10)

- A. Monetary data.
- B. Transactional data.
- C. Production data.
- D. Employee data.

Transactional data is most commonly found in the sales department.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

127. Which of the following represents the types of data commonly found in the marketing department?
(p. 10)

- A. Monetary data.
- B.** Transactional data.
- C. Production data.
- D. Employee data.

Transactional data is most commonly found in the marketing department.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

128. Which of the following represents the types of data commonly found in the operations management department?
(p. 11)

- A. Monetary data.
- B. Transactional data.
- C.** Production data.
- D. Employee data.

Production data is most commonly found in the operations management department.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

129. Which of the following statements is true?
(p. 14)

- A. IT equals business success.
 - B. IT equals business innovation.
 - C. IT represents business success and innovation.
 - D.** IT enables business success and innovation.
- IT is an important enabler of business success and innovation.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

130. What is the name of a company's internal MIS department?
(p. 14)

- A. Management information systems (MIS)
- B. Information systems (IS)
- C. Information technology (IT)
- D. All of the above**

Typical organizations have an internal MIS department often called Information Technology (IT), Information Systems (IS), or Management Information Systems (MIS).

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

131. What are material items or products that customer's will buy to satisfy a want or need?
(p. 13)

- A. Goods**
- B. Services
- C. Production
- D. Productivity

Goods are material items or products that customer's will buy to satisfy a want or need.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

132. What are tasks performed by people that customer's will buy to satisfy a want or need?
(p. 13)

- A. Goods
- B. Services**
- C. Production
- D. Productivity

Services are tasks performed by people that customer's will buy to satisfy a want or need.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

133. What is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
(p. 13)

- A. Goods
- B. Services
- C. Production**
- D. Productivity

Production is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services?

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

134. What is the rate at which goods and services are produced based upon total output given total inputs.
(p. 13)

- A. Goods
- B. Services
- C. Production
- D. Productivity**

Productivity is the rate at which goods and services are produced based upon total output given total inputs?

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

135. What are goods?
(p. 13)

- A. Material items or products that customer's will buy to satisfy a want or need.**
- B. Tasks performed by people that customer's will buy to satisfy a want or need.
- C. The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D. The rate at which goods and services are produced based upon total output given total inputs.

Goods are material items or products that customer's will buy to satisfy a want or need.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember

136. What are services?
(p. 13)

- A. Material items or products that customer's will buy to satisfy a want or need.
- B.** Tasks performed by people that customer's will buy to satisfy a want or need.
- C. The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D. The rate at which goods and services are produced based upon total output given total inputs.

Services are tasks performed by people that customer's will buy to satisfy a want or need.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

137. What is production?
(p. 13)

- A. Material items or products that customer's will buy to satisfy a want or need.
- B. Tasks performed by people that customer's will buy to satisfy a want or need.
- C.** The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D. The rate at which goods and services are produced based upon total output given total inputs.

Production is the process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

138. What is productivity?
(p. 13)

- A. Material items or products that customer's will buy to satisfy a want or need.
- B. Tasks performed by people that customer's will buy to satisfy a want or need.
- C. The process where a business takes raw materials and processes them or converts them into a finished product for its goods or services.
- D.** The rate at which goods and services are produced based upon total output given total inputs.

Productivity is the rate at which goods and services are produced based upon total output given total inputs.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

139. Cars, groceries, and clothing belong in which category?
(p. 13)

- A.** Goods
- B. Services
- C. Production
- D. Productivity

Cars, groceries, and clothing belong in the goods category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

140. Teaching, waiting tables, and cutting hair belong in which category?
(p. 13)

- A. Goods
- B.** Services
- C. Production
- D. Productivity

Teaching, waiting tables, and cutting hair belong in the services category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

141. Which of the following is considered a good?
(p. 13)

- A. Cars
- B. Groceries
- C. Clothing
- D. All of the above**

Cars, groceries, and clothing belong in the goods category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

142. Which of the following is considered a service?
(p. 13)

- A. Teaching
- B. Waiting tables
- C. Cutting hair
- D. All of the above**

Teaching, waiting tables, and cutting hair belong in the services category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

143. Which of the following is considered a good?
(p. 13)

- A. Cars**
- B. Teaching
- C. Waiting tables
- D. All of the above

Cars, groceries, and clothing belong in the goods category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

144. Which of the following is considered a service?
(p. 13)

- A. Cars
- B. Groceries
- C. Cutting hair**
- D. All of the above

Teaching, waiting tables, and cutting hair belong in the services category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

145. Which of the following is considered a good?
(p. 13)

- A. Milk and eggs**
- B. Managing a team
- C. Selling groceries
- D. All of the above

Milk and eggs are groceries. Cars, groceries, and clothing belong in the goods category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

146. Which of the following is considered a service?
(p. 13)

- A. Selling groceries
- B. Managing a team
- C. Cutting hair
- D. All of the above**

Selling groceries, managing a team, teaching, waiting tables, and cutting hair belong in the services category.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

147. The lettuce, tomatoes, patty, bun, and ketchup are included in which category of making a hamburger?
(p. 13)

- A. Input
- B. Process
- C. Output
- D. All of the above

Lettuce, tomatoes, patty, bun, and ketchup are all included in the input category of making a hamburger.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

148. Cooking a patty and putting the ingredients together are included in which category of making a hamburger?
(p. 13)

- A. Input
- B. Process
- C. Output
- D. All of the above

Cooking a patty and putting the ingredients together are all included in the process category of making a hamburger.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

149. The actual hamburger is included in which category of making a hamburger?
(p. 13)

- A. Input
- B. Process
- C. Output
- D. All of the above

The hamburger is the output in the process of making a hamburger.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

150. Assume you are in the business of producing and selling hamburgers. If you could produce more hamburgers with the same input what would happen to your productivity and profits assuming the price of your hamburgers remains the same?

(p. 13)

- A. Increase in productivity, decrease in profits
- B. Increase in productivity, increase in profits**
- C. Decrease in productivity, decrease in profits
- D. Decrease in productivity, increase in profits

If you could produce more hamburgers with the same input and the price of your hamburgers remains the same productivity would increase and profits would increase.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 3 Hard

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

151. Assume you are in the business of producing and selling t-shirts. If you could produce more t-shirts with the same input what would happen to your productivity and profits assuming the price of your t-shirts remains the same?

(p. 13)

- A. Increase in productivity, decrease in profits
- B. Increase in productivity, increase in profits**
- C. Decrease in productivity, decrease in profits
- D. Decrease in productivity, increase in profits

If you could produce more t-shirts with the same input and the price of your t-shirts remains the same productivity would increase and profits would increase.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 3 Hard

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

152. Assume you are in the business of producing and selling cars. If you could produce more cars with the same input what would happen to your productivity and profits assuming the price of your cars remains the same?

- A. Increase in productivity, decrease in profits
- B. Increase in productivity, increase in profits**
- C. Decrease in productivity, decrease in profits
- D. Decrease in productivity, increase in profits

If you could produce more cars with the same input and the price of your cars remains the same productivity would increase and profits would increase.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 3 Hard

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

153. Which four elements are included in systems thinking?

- A. Output, Process, Feedback, and Accounting.
- B. Process, Output, Operations, and Accounting.
- C. Input, Process, Output, and Feedback.**
- D. Input, Output, Sales, and Feedback.

The systems thinking process includes input, process, output, and feedback.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

154. MIS is a business function, like accounting or sales, which moves information about people, products, and processes across the company to facilitate decision making and problem solving. What does MIS stands for?

- A. Management Information Strategy.
 - B. Management Intelligence System.
 - C. Management Information System.**
 - D. Management Information Strategist.
- Management Information Systems.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

155. (p. 13) Shelby Black runs a very successful hair salon in downtown Los Angeles. One of Shelby's tasks is to input positive and negative customer reviews into her computer system. What type of information is Shelby gathering?

- A.** Feedback.
- B. Processing.
- C. Output management.
- D. Sales processing.

Feedback is information that returns to its original transmitter (input, transform, or output) and modifies the transmitter's actions.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

156. (p. 14) Who is responsible for collecting, maintaining, and distributing company knowledge?

- A.** Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

The CKO is responsible for collecting, maintaining, and distributing company knowledge.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

157. (p. 14) Who is responsible for ensuring the ethical and legal use of information within a company?

- A. Chief Knowledge Officer (CKO).
- B.** Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

The CPO is responsible for ensuring the ethical and legal use of information within a company.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

158. Who is responsible for ensuring the speed, accuracy, availability, and reliability of the management information systems?
(p. 14)

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).**
- D. Chief Information Officer (CIO).

The CTO is responsible for ensuring the speed, accuracy, availability, and reliability of the management information systems.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

159. Who is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives?
(p. 14)

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).**

The CIO is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with business goals and objectives.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

160. Who is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks by hackers and viruses?
(p. 14)

- A. Chief Knowledge Officer (CKO).
- B. Chief Security Office (CSO).**
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

The CSO is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks by hackers and viruses.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

161. Trina Hauger works for Johnson Electric as a corporate lawyer and part of her duties are to ensure the ethical and legal use of information within the company. Which of the following represents Trina's role at Johnson Electric?
(p. 14)

- A. Chief Knowledge Officer (CKO).
- B. Chief Privacy Officer (CPO).**
- C. Chief Technology Officer (CTO).
- D. Chief Information Officer (CIO).

The CPO is responsible for ensuring the ethical and legal use of information within a company.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

162. The challenge that companies today sometimes have is that they are departmentalized and act independently of each other. One solution that can help a company work interdepartmentally includes _____.
(p. 13)

- A. System processes
- B. Human resources
- C. Management information systems**
- D. Resource information systems

Management information systems is a business function, like accounting and human resources, which moves information about people, products, and processes across the company to facilitate decision-making and problem-solving.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

163. Susan Stewart is an executive at Equity Title where she is responsible for collecting, maintaining and distributing knowledge for the company. What is Susan's role at Equity Title?
(p. 14)

- A. Chief Knowledge Officer (CKO).
- B. Chief Technology Officer (CTO).
- C. Chief Information Officer (CIO).
- D. Chief Security Officer (CSO).

The Chief knowledge officer (CKO) is responsible for collecting, maintaining, and distributing company knowledge.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

164. What is the primary responsibility of the CTO?
(p. 14)

- A. Overseeing all uses of MIS.
- B. Ensuring the security of business systems.
- C. Ensuring speed, accuracy, and reliability for MIS.
- D. Collecting and distributing company information.

The chief technology officer is responsible for ensuring the speed, accuracy, availability, and reliability for MIS.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

165. What is a way of monitoring the entire system in a company, by viewing the multiple inputs being processed to produce outputs?
(p. 13)

- A. Feedback thinking.
- B. Systems thinking.**
- C. Output management.
- D. Operational thinking.

Systems thinking is a way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

166. Jeremy Bridges is an executive for Green Web Designs, where his primary role is to ensure the security of business systems and develop strategies to protect the company from online viruses and hackers. What is Jeremy's role within the company?
(p. 14)

- A. Chief Executive Officer (CEO).
- B. Chief Security Officer (CSO).**
- C. Chief Procurement Officer (CPO).
- D. Chief Technology Officer (CTO).

The Chief Security Officer is responsible for ensuring the security of business systems and developing strategies and safeguards against attacks by hackers and viruses.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

167. Feedback is information that returns to its original transmitter and modifies the transmitter's actions. What would the original transmitter include?
(p. 13)

- A. Input, Transform, Output.**
- B. Input, Transform, Outnumber.
- C. Output, Input, Performer.
- D. Input, Process, Transform.

Feedback is information that returns to its original transmitter and modifies the transmitter's actions. The original transmitter includes input - transform - output.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

168. MIS is a business function. Which of the following does MIS perform to help aid the company in decision making and problem solving?
(p. 13)

- A. Moves information about people.
- B. Moves processes across the company to improve systems.
- C. Moves information about products.
- D. All of the above.**

MIS is a business function, which moves information about people, products, and processes across the company to facilitate decision making and problem solving.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

169. A system is a collection of parts that link to achieve a common purpose. Systems thinking is a way of monitoring _____.
(p. 13)

- A. The entire system**
- B. A division within the sales role
- C. The executive team
- D. The company's competitors

A system is a collection of parts that link to achieve a common purpose, where systems thinking is a way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

170. MIS can be an important enabler of business success and innovation. Which of the below
(p. 14) statements is accurate when referring to MIS?

- A. MIS equals business success and innovation.
- B. MIS represents business success and innovation.
- C. MIS is not a valuable tool that leverages talent.
- D. MIS is a valuable tool that can leverage the talents of people who know how to use and manage it effectively.**

MIS does not mean that equal, or represent business success and innovation. It is a valuable tool that can leverage the talents of people who know how to use and manage it effectively.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

171. Which role within a company is responsible for overseeing all uses of MIS and ensuring that
(p. 14) MIS strategic aligns with business goals and objectives?

- A. Chief knowledge officer (CKO).
- B. Chief privacy officer (CPO).
- C. Chief information officer (CIO).**
- D. Chief security officer (CSO).

The Chief information officer (CIO) is responsible for (1) overseeing all uses of MIS and (2) ensuring that MIS strategic aligns with business goals and objectives.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

172. Which of the following provides an accurate definition of systems thinking?
(p. 13)

- A.** A way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part.
- B. A way of monitoring individual components including an input, the process, and an output, while continuously gathering feedback on the entire system.
- C. A way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on the entire system.
- D. A way of monitoring singular parts of a system by viewing a single input that is processed or transformed to produce an entire system that is continuously monitored to gather feedback on each individual part.

Systems thinking is a way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

173. If you were thinking about a washing machine as a system which of the following represents the inputs?
(p. 13)

- A.** The dirty clothes, water, and detergent.
 - B. The clean clothes.
 - C. The wash and rinse cycle.
 - D. The light indicating that the washer is off balance and has stopped.
- The inputs for a washing machine include the dirty clothes, water, and detergent.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

174. If you were thinking about a washing machine as a system which of the following represents the process?
(p. 13)

- A. The dirty clothes, water, and detergent.
 - B. The clean clothes.
 - C.** The wash and rinse cycle.
 - D. The light indicating that the washer is off balance and has stopped.
- The process for a washing machine includes the wash and rinse cycle.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

175. If you were thinking about a washing machine as a system which of the following represents the feedback?
(p. 13)

- A. The dirty clothes, water, and detergent.
 - B. The clean clothes.
 - C. The wash and rinse cycle.
 - D.** The light indicating that the washer is off balance and has stopped.
- The feedback for a washing machine includes a light indicating that the washer is off balance and has stopped.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

176. If you were thinking about a washing machine as a system which of the following represents the outputs?
(p. 13)

- A. The dirty clothes, water, and detergent.
 - B.** The clean clothes.
 - C. The wash and rinse cycle.
 - D. The light indicating that the washer is off balance and has stopped.
- The output for a washing machine includes clean clothes.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business

177. If you were thinking about an oven as a system which of the following represents the input?
(p. 13)

- A. The uncooked food.
 - B. The cooked food.
 - C. A light indicating that the oven has reached the preheated temperature.
 - D. The oven running at 350 degrees for 20 minutes.
- The input for an oven includes the uncooked food.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

178. If you were thinking about an oven as a system which of the following represents the output?
(p. 13)

- A. The uncooked food.
 - B. The cooked food.
 - C. A light indicating that the oven has reached the preheated temperature.
 - D. The oven running at 350 degrees for 20 minutes.
- The output for an oven includes the cooked food.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

179. If you were thinking about an oven as a system which of the following represents the process?
(p. 13)

- A. The uncooked food.
 - B. The cooked food.
 - C. A light indicating that the oven has reached the preheated temperature.
 - D. The oven running at 350 degrees for 20 minutes.
- The process for an oven includes running at 350 degrees for 20 minutes.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business

communications.

180. If you were thinking about an oven as a system which of the following represents the
(p. 13) feedback?

- A. The uncooked food.
 - B. The cooked food.
 - C.** A light indicating that the oven has reached the preheated temperature.
 - D. The oven running at 350 degrees for 20 minutes.
- The feedback for an oven includes a light indicating that the oven has reached the preheated temperature.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

181. If you were thinking about a home theater system which of the following represents the
(p. 13) inputs?

- A.** The DVD player, DVD movie, speakers, TV, and electricity.
 - B. Playing the movie including the audio through the speakers and the video on the TV.
 - C. A message stating that the disk is dirty and cannot be played.
 - D. Spinning the disk to play, pause, rewind, or fast forward.
- A home theater system requires inputs of the DVD player, DVD movie, speakers, TV, and electricity.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

182. If you were thinking about a home theater system which of the following represents the outputs?
(p. 13)

- A. The DVD player, DVD movie, speakers, TV, and electricity.
- B.** Playing the movie including the audio through the speakers and the video on the TV.
- C. A message stating that the disk is dirty and cannot be played.
- D. Spinning the disk to play, pause, rewind, or fast forward.

The output of a home theater system includes playing the movie including the audio through the speakers and the video on the TV.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

183. If you were thinking about a home theater system which of the following represents the process?
(p. 13)

- A. The DVD player, DVD movie, speakers, TV, and electricity.
- B. Playing the movie including the audio through the speakers and the video on the TV.
- C. A message stating that the disk is dirty and cannot be played.
- D.** Spinning the disk to play, pause, rewind, or fast forward.

The process of a home theater system includes spinning the disk to play, pause, rewind, or fast forward.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

184. If you were thinking about a home theater system which of the following represents the feedback?
(p. 13)

- A. The DVD player, DVD movie, speakers, TV, and electricity.
- B. Playing the movie including the audio through the speakers and the video on the TV.
- C.** A message stating that the disk is dirty and cannot be played.
- D. Spinning the disk to play, pause, rewind, or fast forward.

The feedback from a home theater system includes a message stating that the disk is dirty and cannot be played.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember

185. Which of the following is not a typical way that a company would duplicate a competitive advantage?
(p. 15)

- A. Acquiring the new technology.
- B. Copying the business operations.
- C. Hiring away key employees.
- D. Carrying large product inventories.**

Ways that companies duplicate competitive advantages include acquiring new technology, copying the business operations, and hiring away key employees.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

186. When a company is the first to market with a competitive advantage, this is called a first-mover advantage. All of the following companies were first-movers except _____.
(p. 15-16)

- A. FedEx - the online self-service software
- B. Apple - iPad
- C. Apple - iPod
- D. Microsoft - Bing Search Engine**

First-mover advantage is an advantage that occurs when a company can significantly increase its market share by being first with a competitive advantage. Google was first to market with search engine technology.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

187. A business strategy achieves a specific set of goals which include _____.
(p. 15)

- A. Developing new products or services, attracting new competition
- B. Increasing costs, attracting new competition
- C.** Attracting new customers, developing new products or services
- D. All of the above

A business strategy is a leadership plan that achieves a specific set of goals or objectives such as developing new products or services, entering new markets, increasing customer loyalty, attracting new customers, increasing sales, and decreasing costs.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

188. Competitive intelligence is the process of gathering information about the competitive environment, including _____.
(p. 16)

- A. Competitors' employees
- B. Competitors' differentiated processes
- C.** Competitors' plans
- D. All of the above

Competitive intelligence is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

189. Which of the following is a tool a manager can use to analyze competitive intelligence and identify competitive advantages?
(p. 16)

- A.** The three generic strategies.
- B. The threat of substitute buyer power.
- C. Differentiated costs.
- D. Supplier loyalty.

Managers utilize three common tools to analyze competitive intelligence and develop competitive advantages including: 1) the five forces model, 2) the three generic strategies, and 3) value chain analysis.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation

Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

190. Identifying competitive advantages can be difficult and explains why they are typically _____.
(p. 15)

- A. Temporary
 - B. Satisfactory
 - C. Terminated
 - D. Unsuccessful
- Competitive advantages are typically temporary.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

191. Updating business strategies is a continuous undertaking as internal and external environments _____.
(p. 15)

- A. Become less competitive
 - B. Remain stagnant
 - C. Rapidly change
 - D. Become more consistent
- Updating business strategies is a continuous undertaking as internal and external environments rapidly change.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium
Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

192. Which of the following represents a reason why competitive advantages are typically temporary?
(p. 15)

- A. The competitor will hire away your key employees.
 - B. The competitor quickly seeks ways to duplicate your business operations.
 - C. The competitor will purchase new technology.
 - D. All of the above.
- Competitive advantages are typically temporary, because competitors often quickly seek ways to duplicate them by acquiring new technology, copying the business operations, and hiring away key employees.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

193. What is a competitive advantage?
(p. 15)

- A. A product that an organization's customers place a lesser value on than similar offerings from a competitor.
 - B. A feature of a product or service on which customers place a lesser value than they do on similar offerings from a supplier.
 - C. A service that an organization's customers place a lesser value on than similar offerings from a supplier.
 - D. A feature of a product or service on which customers place a greater value than they do on similar offerings from competitors.
- This is the definition of competitive advantage.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

194. All of the following are common tools used in industry to analyze and develop competitive advantages, except:
(p. 16)

- A. Five Forces Model
 - B. Three Generic Strategies
 - C. Competitive analysis model
 - D. Value chain analysis
- A competitive analysis model is not discussed in this text.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

195. (p. 15-16) Greg Provenzo owns and runs a Blockbuster video store. Greg is implementing a drive-thru rental process that is the same as you would find at a fast food restaurant. Customers can pick-up and drop-off their videos without leaving their cars. Greg's new system has become so popular that Videos Plus, a competitor down the street, is attempting to recreate Greg's video drive-thru rental process. Greg's system is an example of a _____.

- A. Supply chain power
- B. First-mover advantage**
- C. Business processing strategy
- D. Business Intelligence

The first-mover advantage is an advantage that occurs when a company can significantly increase its market share by being first with a competitive advantage.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

196. (p. 16) The process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed is the definition of _____.

- A. Feedback
- B. Information
- C. Competitive intelligence**
- D. Data

Competitive intelligence is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

197. Steve Jobs and Apple created a big advantage in the technology industry with the introduction of the iPod, iPhone, and iPad. What are these all examples of?
(p. 15)

- A. Competitive advantage
- B. Competitive intelligence
- C. First-mover advantage
- D. All of the above**

Steve Jobs and Apple created a big advantage in the technology industry with their products the iPod, iPhone, and iPad. These are examples of competitive advantage, competitive intelligence, and first-mover advantage.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

198. Paula Logston is the owner and operator of a high-end online custom clothing company. Paula has never heard of Porter's Five Forces model and she wants to understand why she would perform an analysis using it. If you were tasked with explaining Porter's Five Forces model to Paula what would be the primary reason she would want to use this type of analysis?
(p. 16)

- A. To help Paula choose a clothing business focus.
- B. To help Paula evaluate the attractiveness of the clothing industry.**
- C. To help Paula evaluate and execute business goals.
- D. All of the above.

One of the three tools company executives often use when analyzing competitive intelligence is the five forces model. This is used to evaluate industry attractiveness.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

199. A _____ features a product or service on which customers place a greater value than they do on similar offerings from competitors.
(p. 15)

- A. Competitive advantage**
- B. Competitor advantage
- C. Power advantage
- D. First mover advantage

A competitive advantage features a product or service on which customers place a greater value than they do on similar offerings from competitors.

AACSB: Reflective Thinking
AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

200. The Victory Wireless store in Denver is currently offering a fabulous marketing strategy for potential new iPhone customers. Victory Wireless offers customers who purchase an iPhone with a 2 year subscription a free Otter phone case, car charger, ear phones, and speakers. In terms of Porter's Five Forces what is Victory Wireless attempting to achieve with this marketing strategy?

(p. 17)

- A. Increase buyer power.
- B. Increase substitute products.
- C. Decrease supplier power.
- D. Decrease buyer power.**

Victory Wireless is attempting to decrease buyer power by offering products at a lower price or competing on price.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Analyze

Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.

Topic: The Five Forces Model-Evaluating Industry Attractiveness

201. Gina Brooks works for Aquarium Retail Services selling high-end salt water fish and tank supplies. Aquarium Retail Services is the current market leader in Gina's city. Gina has recently been approached by Deep Blue Incorporated with an opportunity to run its corporate nation-wide marketing and sales division. Gina decides to jump at the opportunity! Deep Blue is attempting to gain a competitive _____ by stealing its competitor's key employees.

(p. 15)

- A. Power
- B. Entry Barrier
- C. Advantage**
- D. Loyalty

Ways that companies duplicate competitive advantages include acquiring the new technology, copying business processes, and hiring away employees.

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Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

202. (p. 15) The banking industry has implemented several competitive advantages including ATM's, online bill pay services, and electronic statements. Of course, these competitive advantages were quickly duplicated by any competitor that wanted to remain in the banking industry. These were all examples of _____ competitive advantages.

- A.** Acquiring new technology products and services
- B. Hiring new employees
- C. Reducing expenses
- D. Gaining invaluable feedback from customers

The banking industry, for example, has utilized competitive advantage by all now offering ATM's, online bill pay services, and e-statements are all examples of ways they duplicated each other by acquiring new technology products and services.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

203. (p. 17) Michael Porter defined the Five Forces Model and the potential pressures that can hurt sales. Which of the following is not one of the potential pressures that can hurt sales?

- A.** Suppliers can drive down profits by charging more for supplies.
- B. New market entrants can steal potential investment capital.
- C. Substitute products can steal customers.
- D. Competition can steal customers.

Michael Porter defined the Five Forces Model. Before formally presenting his model, he identified pressures that can hurt potential sales, which include: 1) knowledgeable customers can force down prices by pitting rivals against each other, 2) influential suppliers can drive down profits by charging higher prices for supplies, 3) competition can steal customer, 4) new market entrants can steal potential investment capital, and 5) substitute products can steal customers.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Analyze

Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.

Topic: The Five Forces Model-Evaluating Industry Attractiveness

204. Which of the following is included in Porter's Five Forces Model?
(p. 17)

- A. Loyalty expenses.
- B. Supply chain management.
- C.** The power of competitors.
- D. Systems thinking.

In figure 1.8, Porter's five forces model outlines rivalry amongst existing competitors, the power of competitors.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

205. Kevin Campbell is an incoming freshman at your college. Kevin is frustrated by the cost of books, tuition, and expenses and he also needs to purchase a rather expensive laptop. In an effort to save money, Kevin beings a Facebook group finding other college students who need to purchase laptops. Soon, Kevin's Facebook group has close to 100,000 students. Kevin decides to collectively approach different computer companies to see if his group qualifies for a special discount. What business strategy is Kevin using to purchase laptops?
(p. 17)

- A. Collecting business intelligence.
- B. Decreasing entry barriers.
- C. Purchasing a substitute product.
- D.** Increasing buyer power.

Buyer power is one of Porter's Five Forces, which measures the ability of buyers to affect the price they must pay for an item. Kevin's group is attempting to increase its buyer power.

AACSB: Reflective Thinking
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Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

206. What are costs that make customers reluctant to switch to another product or service?
(p. 17)

- A. Support activities.
- B.** Switching costs.
- C. Loyalty rewards.
- D. Value chain activities.

Switching costs is costs that make customers reluctant to switch to another product or service.

AACSB: Reflective Thinking
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Accessibility: Keyboard Navigation
Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

207. Callie Crystal owns and operates one of the most successful local coffee shops in Denver, called The Edgewater Café. Each time a customer purchases their 100th cup of coffee at The Edgewater Café they receive a free pound of coffee of their choice. What is Callie attempting to create with her unique "Free Pound of Coffee" marketing program?
- (p. 17)

- A. Reducing buyer power with a loyalty program.
- B. Increasing buyer power with a loyalty program.
- C. Decreasing supplier power with a differentiated product.
- D. Creating a substitute product.

One way to reduce buyer power is with a loyalty program which is a program to reward customers based on their spending.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

208. What includes all parties involved, directly or indirectly, in obtaining raw materials or a product?
- (p. 18)

- A. Support chain.
- B. Supply chain.
- C. System chain.
- D. Supply choice.

Supply chain includes all parties involved, directly or indirectly, in obtaining raw materials or a product.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

209. Which of the below represents a company in a supply chain?
- (p. 18)

- A. Customer and competitor.
- B. Supplier and competitor.
- C. Knowledge worker and supplier.
- D. Supplier and customer.

In a typical supply chain, a company will be both a supplier and a customer.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

210. In the center of Porter's Five Forces model is competition. Which of the below represents the four outer boxes?
(p. 17)

- A. Buyer power, systems power, threat of false entrants, and threat of substitute products or services
 - B. Buyer power, systems power, threat of new entrants, and threat of substitute products or services
 - C. Buyer power, supplier power, threat of new entrants, and threat of substitute products or services**
 - D. Business power, supplier power, threat of new entrants, and threat of powerful services
- The four competitive forces that work amongst the power of competitors are buyer power, supplier power, threat of new entrants, and threat of substitute products or services.

AACSB: Reflective Thinking
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Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

211. Shawn McGill is on the executive board for ABC pharmaceuticals. The company produces the number one selling cancer fighting drug on the market. Due to its incredible success ABC pharmaceuticals has decided to increase the cost of the drug from \$8 a pill to \$15 a pill. Which force is ABC pharmaceutical using to increase its drug price?
(p. 18)

- A. Supplier power.**
- B. Buyer power.
- C. Threat of false entrants.
- D. Business power.

Supplier power is One of Porter's five forces, measures the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services).

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

212. What is one of the most common ways a company can decrease supplier power?
(p. 18)

- A. Charge lower prices.
- B. Charge higher prices.
- C.** Use MIS to find and create alternative products.
- D. Companies cannot impact supplier power.

Using MIS to find alternative products is one way of decreasing supplier power.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

213. If a supplier has high power what can it do to influence its industry?
(p. 18)

- A. Charge higher prices.
- B. Shift costs to industry participants.
- C. Limit quality or services.
- D.** All of the above.

If the supplier power is high, the supplier can influence the industry by, 1) charging higher prices, 2) limiting quality or services, 3) shifting costs to industry participants.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

214. When buyer power is low, supplier power is typically _____.
(p. 18)

- A. Identical
- B.** High
- C. Low
- D. Unstable

When buyer power is low, supplier power is typically high.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

215. How can a company reduce the threat of substitute products or services?
(p. 18)

- A. Market the product to less than ten customers.
 - B. Ignore competitive forces.
 - C.** Offer additional value through wider product distribution.
 - D. Offer less value making the product far more generic and similar to the competition.
- One way a company can reduce the threat of substitute products or services is to offer additional value through wider product distribution.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

216. Which one of Porter's five forces is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market?
(p. 18)

- A.** Threat of new entrants.
 - B. Threat of substitute products or services.
 - C. Threat of buyer power.
 - D. Supply chain competition.
- Threat of new entrants is one of Porter's five forces, high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

217. John Cleaver is the CEO of Tech World, which is a retail store that sells computers, monitors, cameras, televisions and many other electronic products. John and his executive team are meeting to brainstorm new ideas on how to grow the business. One idea is to mimic a competitor's product that is attempting to sell a new product in a different industry. After performing a Porter's Five Forces analysis John determines that all of the forces are high in this new industry. What should John do?
(p. 17)

- A. Explode into the market with an overflow of the product.
 - B. Contemplate other products to introduce at the same time in this new market.
 - C. Compare the competitor's prices and offer his product lower in this new market.
 - D.** Not introduce the product because all five forces are strong and this would be a highly risky business strategy.
- When the five forces are all strong or high it is a poor business strategy, when the forces are low, this is a great time to execute the business strategy.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

218. What is a feature of a product or service that customers have come to expect and entering competitors must offer the same if they want to survive?
(p. 18)

- A. Significant barrier.
- B. Entry barrier.**
- C. Product differentiation.
- D. Entry chain.

Entry barrier is a feature of a product or service that customers have come to expect and entering competitors must offer the same for survival.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

219. Which of the following represents a typical supply chain?
(p. 18)

- A. Company - Customers - Suppliers.
- B. Company - Suppliers - Customers.
- C. Suppliers - Company - Customers.**
- D. Suppliers - Customers - Company.

A traditional business supply chain operates like this: supplier - company - customers.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

220. (p. 18) Imagine you are creating a new product to sell in an up-and-coming market. Which of the below statements indicates that it would be easy for you as the new entrants to compete in this market?

- A. The threat of new entrants force is high in the up-and-coming market.
- B. The threat of new entrants force is low in the up-and-coming market.
- C. The threat of new entrants force is impossible to define in the up-and-coming market.
- D. All of the above depending on the time of year.

The threat of new entrants is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

221. (p. 18) Imagine you are creating a new product to sell in an up-and-coming market. Which of the below statements indicates that it would be difficult for you to enter this new market?

- A. The threat of new entrants force is high in the up-and-coming market.
- B. The threat of new entrants force is low in the up-and-coming market.
- C. The threat of new entrants force is high during the summer months in the up-and-coming market.
- D. All of the above depending on the time of year.

The threat of new entrants is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

222. (p. 19) Which of the following offers an example where Porter's five forces are mostly strong and competition is high?

- A. A dog walking business.
- B. A ski resort.
- C. A professional hockey team.
- D. All of the above.

With Porter's five forces model, these are all examples of strong forces, where it increases competition: 1) a single consumer purchasing milk, 2) a company that makes pencils, 3) coffee from McDonalds, 4) a dog walking business, and 5) a coffee shop.

AACSB: Reflective Thinking
AACSB: Technology

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

223. Which of the following offers an example where Porter's five forces are mostly weak and competition is low?
(p. 19)

- A.** An international hotel chain purchasing milk.
- B. A coffee shop.
- C. A single consumer purchasing milk.
- D. A dog walking business.

With Porter's five forces model, these are all examples of weak forces, where it decreases competition: 1) an international hotel chain purchasing milk, 2) a company that makes airline engines, 3) cancer drugs from a pharmaceutical company, 4) a professional hockey team, and 4) department of Motor Vehicles.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

224. Some industries' competition is much more intense than others. Retail grocery stores such as Kroger, Safeway, and Albertson's in the United States experience fierce competition and offer similar marketing campaigns to compete. What is this an example of in terms of Porter's Five Forces?
(p. 19)

- A. Rivalry among new entrants.
- B.** Rivalry among existing competitors.
- C. Threat of substitute products or services.
- D. Buyer power.

Some industries' competition is much more intense than others. The retail grocery stores such as Kroger, Safeway, Albertson's, and Ralph's in the United States have fierce competition and similar programs to compete with each other.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

225. Amazon.com uses a customer profiling system whenever a customer visits its website. Using this system, Amazon can offer products tailored to that particular customer's profile and buying pattern. What is Amazon using to achieve this competitive advantage?

- A. Rivalry.
- B. Buyer power.
- C. Product differentiation.**
- D. Substitute product.

Product differentiation is an advantage that occurs when a company develops unique differences in its products with the intent to influence demand.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

226. Your boss, Ty Jacob, has asked you to analyze the music industry using Porter's five forces model. Which of the following represents supplier power in the music industry?

- A. Established record labels like EMI, Sony, Universal.**
- B. Walmart, Target, iTunes.
- C. Game systems like Wii, social networks like Facebook.
- D. Taylor Swift, Beyonce, The Beatles, The Stones.

An example of supplier power in the music industry includes established record labels like EMI, Sony, and Universal.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

227. Your boss, Ty Jacob, has asked you to analyze the music industry using Porter's five forces model. Which of the following represents buyer power in the music industry?

- A. Established record labels like EMI, Sony, Universal.
- B. Walmart, Target, iTunes.**
- C. Independent record labels.
- D. Game systems like Wii, social networks like Facebook.

Buyer power in the music industry includes Walmart, Target, and iTunes who purchase music from record labels to sell online and in their stores.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

228. Your boss, Ty Jacob, has asked you to analyze the music industry using Porter's five forces model. Which of the following represents the threat of substitute products or services in the music industry?

- A. Established record labels like EMI, Sony, Universal.
 - B. Independent record labels.
 - C.** Game systems like Wii, social networks like Facebook.
 - D. Taylor Swift, Beyonce, The Beatles, The Stones.
- Game systems like Wii and social networks offer alternatives or substitute products to purchasing music for a consumer.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

229. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents supplier power in the soft drink industry?

- A.** Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
 - B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
 - C. Zevia Natural Diet Soda begins selling directly over the Internet.
 - D. Vitamin water, fruit juice, coffee.
- Supplier power in the soft drink industry is represented by Pepsi.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

230. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents buyer power in the soft drink industry?
(p. 17)

- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
- B.** Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
- C. Zevia Natural Diet Soda begins selling directly over the Internet.
- D. Vitamin water, fruit juice, coffee.
- E. Coke and Pepsi submit bids to the owner of a football stadium for the exclusive sale of their products during games.

Buyer power in the soft drink industry is represented by Walmart.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.

Topic: The Five Forces Model-Evaluating Industry Attractiveness

231. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents a threat of a new entrant in the soft drink industry?
(p. 18)

- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
- B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
- C.** Zevia Natural Diet Soda begins selling directly over the Internet.
- D. Vitamin water, fruit juice, coffee.

Zevia Natural Diet Soda represents a new entrant in the soft drink industry.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.

Topic: The Five Forces Model-Evaluating Industry Attractiveness

232. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents a substitute product in the soft drink industry?
(p. 18)

- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
- B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
- C. Zevia Natural Diet Soda begins selling directly over the Internet.
- D. Vitamin water, fruit juice, coffee.**

Vitamin water, fruit juice, or coffee are all substitute products to a soft drink.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.

Topic: The Five Forces Model-Evaluating Industry Attractiveness

233. Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's five forces model. Which of the following represents rivalry in the soft drink industry?
(p. 18)

- A. Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
- B. Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
- C. Zevia Natural Diet Soda begins selling directly over the Internet.
- D. Coke and Pepsi submit bids to the owner of a football stadium for the exclusive sale of their products during games.**

The rivalry between Coke and Pepsi is famous in the soft drink industry.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.

Topic: The Five Forces Model-Evaluating Industry Attractiveness

234. Porter identified three generic strategies that a business could follow after identifying a market it wanted to enter. Which of the following is not included as one of Porter's three generic strategies?
(p. 20)

- A. Broad differentiation.
- B. Supplier cost differentiation.**
- C. Focused strategy.
- D. Broad cost leadership.

Porter has identified three generic business strategies for entering a new market: 1) broad cost leadership, 2) broad differentiation, and 3) focused strategy.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

235. When analyzing Porter's three generic strategies for entering a market, if you have a focused strategy what market should you target?
(p. 20)

- A.** A niche market.
- B. A broad market.
- C. Neither niche or broad markets.
- D. Both niche and broad markets.

When analyzing Porter's three generic strategies for entering a market, if you have a focused strategy you should target a narrow market, niche market, or a unique market.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

236. Which of the following offers an example of a company operating in a narrow focused-market operating as the low-cost provider?
(p. 20)

- A. Walmart.
- B. Tiffany & Co.
- C. Neiman Marcus.
- D.** Payless Shoes.

Payless competes by offering a specific product (narrow market) shoes at low prices. Their strategy is to be the low-cost provider of shoes.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

237. Broad differentiation, broad cost leadership, and _____ create the three generic strategies identified by Porter.
(p. 20)

- A. Narrow market leadership
- B. High cost versus low cost
- C. Focused strategy**
- D. None of the above

The three strategies proposed by Porter are 1) broad cost leadership, 2) broad differentiation, and 3) focused strategy.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

238. Jennifer Bloom is writing a paper and she must determine which of Porter's three generic strategies The Museum Company has implemented. Jennifer finds out that The Museum Company offers specialty products found only in museums around the world to affluent customers. What would Jennifer determine The Museum Company is using as its generic strategy?
(p. 20)

- A. Broad market, low cost.
- B. Narrow market, high cost.**
- C. Broad market, high cost.
- D. Narrow market, low cost.

The Museum Company competes using a narrow market and high cost focus.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

239. According to Porter companies that wish to dominate broad markets should operate using a _____ strategy.
(p. 20)

- A. Cost leadership with a low cost**
- B. Differentiation with a low cost
- C. Cost leadership with a high cost
- D. All of the above

According to Porter broad markets should utilize cost leadership with a low cost and differentiation with a high cost.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation

Blooms: Understand
Difficulty: 2 Medium
Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

240. Which of the following demonstrates a company that has implemented a low cost, broad
(p. 20) market strategy?

- A. Neiman Marcus.
- B. Payless Shoes.
- C. The Sharper Image.

D. Walmart.

Walmart competes by offering a broad range of products at low prices. Its business strategy is to be the low-cost provider of goods for the cost-conscious consumer.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

241. If a business is following a focused strategy then its competitive scope is _____.
(p. 20)

- A. Broad market
- B.** Narrow market
- C. Broad range products
- D. Broad range of services

When you have a market segment their competitive scope should be a narrow market, and the cost strategy should be a focused strategy.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

242. When applying Porter's three generic strategies, Tiffany & Co. has a competitive scope and
(p. 20) cost strategy that is _____.

- A. Broad market - high cost strategy
- B. Narrow market - low cost strategy
- C.** Narrow market - high cost strategy
- D. Broad market - low cost strategy

Tiffany & Co. competes by offering a differentiated product, jewelry, at high prices. Its business strategy allows it to be a high-cost provider of premier designer jewelry to affluent consumers.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

243. When analyzing the book store industry, some of today's businesses compete with different business strategies and cost strategies. Which of the following is using a broad market competitive scope along with a low cost strategy?

(p. 20)

- A. Amazon.com.
- B. Any local independent book store that specializes in antique books.
- C. Barnes & Noble.
- D. Borders books.

Amazon.com competes by offering a broad range of differentiated products at low prices.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

244. Which of the below is similar to focused strategy versus broad strategy?

(p. 20)

- A. Large market versus leadership.
- B. Large market versus uniqueness.
- C. Niche market versus large market.
- D. Niche market versus generic.

Focused strategies versus broad strategies is synonymous to niche market versus large markets.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

245. Your boss, Tom Repicci, has asked you to analyze the airline industry using Porter's three generic strategies. Which of the following companies are using a cost leadership strategy?

(p. 20)

- A. Southwest, Horizon, Frontier, JetBlue.
- B. British Airways, Singapore Airlines, Virgin Atlantic.
- C. Sky Taxi - a rent by the hour personal plane service.
- D. All of the above.

Southwest, Horizon, Frontier, and JetBlue all use cost leadership business strategies.

AACSB: Reflective Thinking

AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

246. Your boss, Tom Repicci, has asked you to analyze the airline industry using Porter's three
(p. 20) generic strategies. Which of the following companies are using a differentiation strategy?

- A. Southwest, Horizon, Frontier, JetBlue.
- B.** British Airways, Singapore Airlines, Virgin Atlantic.
- C. Sky Taxi - a rent by the hour personal plane service.
- D. All of the above.

British Airways, Singapore Airlines, and Virgin Atlantic all compete using differentiation strategies.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

247. Your boss, Tom Repicci, has asked you to analyze the airline industry using Porter's three
(p. 20) generic strategies. Which of the following companies are using a focused strategy?

- A. Southwest, Horizon, Frontier, JetBlue.
- B. British Airways, Singapore Airlines, Virgin Atlantic.
- C.** Sky Taxi - a rent by the hour personal plane service.
- D. All of the above.

Sky Taxi is using a focused-strategy targeting individuals that want to hire private planes.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

248. When reviewing Porter's value chain analysis, which of the below provides customer support after the sale of goods and services?
(p. 21)

- A. Inbound logistics.
- B. Outbound logistics.
- C. Operations.
- D. Service.**

The service activity within the primary value activities will provide customer support after the sale of goods and services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

249. Which of the below represents procurement as part of the support value activities in a value chain analysis?
(p. 22)

- A. Purchases inputs such as raw materials, resources, equipment and supplies.**
- B. Applies MIS to processes to add value.
- C. Distributes goods and services to customers.
- D. Promotes, prices, and sells products to customers.

Procurement is the process of the support value activity which purchases inputs such as raw materials, resources, equipment and supplies.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

250. What includes support value activities and primary value activities and is used to determine how to create the greatest possible value for customers?
(p. 21)

- A. Supplier power.
- B. Operations management.
- C. Porter's Five Forces Model.
- D. The Value Chain analysis.**

The support activity firm infrastructure coupled with the primary value activity of outbound logistics is a part of the Value Chain analysis.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

251. What is a standardized set of activities that accomplishes a specific task?
(p. 21)

- A. Business strategy.
- B. Business outcome.
- C.** Business process.
- D. Knowledge process.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

Topic: Value Chain Analysis-Executing Business Strategies

252. Which of the following analyzes a company's business processes and is useful for determining how to create the greatest possible value for customers?
(p. 21)

- A. Product analysis.
- B. Primary supplier power.
- C.** Value chain analysis.
- D. Buyer chain analysis.

The value chain analysis views a firm as a series of business processes that each add value to the product or service.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Remember

Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

Topic: Value Chain Analysis-Executing Business Strategies

253. The goal of value chain analysis is to identify processes in which the firm can add value for the customer and create a competitive advantage for itself, with a _____ or _____.
(p. 21)

- A. Focused strategy; product differentiation
- B. Focused strategy; cost advantage
- C. Cost advantage; primary value activities
- D.** Cost advantage; product differentiation

The goal of value chain analysis is to identify processes in which the firm can add value for the customer and create a competitive advantage for itself, with a cost advantage or product differentiation.

AACSB: Reflective Thinking

AACSB: Technology

Accessibility: Keyboard Navigation

Blooms: Understand

Difficulty: 2 Medium

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

254. What are the two main categories in a value chain analysis?
(p. 21)

- A. Primary value activities & secondary value activities.
- B. Primary value activities & support value activities.**
- C. Primary value activities & strengthening value activities.
- D. None of the above.

The value chain groups a firm's activities into two categories, primary value activities, and support value activities.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

255. Which of the following is not considered a category within the primary value activities in a value chain analysis?
(p. 21)

- A. Inbound logistics.
- B. Firm infrastructure.**
- C. Operations.
- D. Service.

Primary value activities are found at the bottom of the value chain, these include business processes that acquire raw materials and manufacture, deliver, market, sell, and provide after-sales services.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

256. Which of the following is not considered a category within the support value activities in a value chain analysis?
(p. 22)

- A. Technology development.
- B. Outbound logistics.**
- C. Human resource management.
- D. Firm infrastructure.

Support value activities are found along the top of the value chain and includes business processes, such as firm infrastructure, human resource management, technology development, and procurement, that support the primary value activities.

AACSB: Reflective Thinking
AACSB: Technology

Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

257. What is the support value activity that provides employees with training, hiring, and compensation?
(p. 22)

- A. Procurement.
- B. Operations resource management.
- C. Human resource management.**
- D. Firm infrastructure.

Human resource management provides employee training, hiring, and compensation.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

258. Sandy Fiero works as the Chief Knowledge Officer for Bend Lumbar Company. She has been given the responsibility to create a product or service that will bring an added value to its customers to increase the company's revenue. Sandy determines that the best value she can add is by creating a service that offers free next day shipping on any order over \$50. Where in the value chain is Sandy adding value?
(p. 21)

- A. The primary value activity outbound logistics.**
 - B. The primary value activity inbound logistics.
 - C. The primary value activity marketing and sales.
 - D. The primary value activity operations.
- Outbound logistics distributes goods and services to customers.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

259. When evaluating the value chain, all of the following are included in the primary value activities except:
(p. 21)

- A. Inbound activities.
- B. Operations.
- C. Service.
- D. MIS development.**

The primary value activities include 1) inbound logistics, 2) operations, 3) outbound logistics, 4) marketing and sales, and 5) service.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

260. When evaluating the value chain, which of the following is included in the support value activities?
(p. 22)

- A. Inbound activities.
- B. Marketing and sales.
- C. Firm infrastructure.**
- D. Finance and sales.

The support value activities found along the top of the value chain include 1) firm infrastructure, 2) human resource management, 3) technology development, and 4) procurement.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

261. Which of the following decisions does a firm need to make as soon as it has identified the activities from the value chain that are bringing the highest added value to their customers?
(p. 23)

- A. Target high value-adding activities to further enhance their value.
- B. Target low value-adding activities to increase their value.
- C. Perform some combination of the two.
- D. All of the above.**

When a firm has identified the activities from the value chain that are bringing the highest added value to their customers, they need to make decisions regarding the competitive advantage by determining whether to 1) Target high value-adding activities to further enhance their value, 2) Target low value-adding activities to increase their value, and 3) Perform some combination of the two.

AACSB: Reflective Thinking
AACSB: Technology

Accessibility: Keyboard Navigation
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

262. MIS can add value to both primary activities and support activities in the value chain. Which of the following is not an example of a company adding value by the use of MIS in a primary activity?

- A.** Scottrade Corp. creating an online system for employees to track paychecks, benefits, wellness rewards program, and other employee benefit items.
- B. A system for the sales and marketing departments to track specific sales targets and follow up processes.
- C. An easy electronic survey, similar to the survey monkey, to be sent to the customer right after a service was completed.
- D. Royal Crest Dairy using their custom order and delivery system through an easily accessible Web portal for the customer to track delivery status.

MIS can add value to both primary and support activities within a business. All are primary activities except Scottrade Corp. creating an online system for employees to track paychecks, benefits, wellness rewards program, and other employee benefit items. This is a support value activity.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

263. MIS can add value to both primary and support activities within a business. Which of the following is not an example of a company adding value by the use of MIS in a support activity?

- A.** Netflix creating a business strategy for the video rental market that delivers videos via the mail.
- B. The human resources department creates a tracking system to efficiently reward employees based on their performance.
- C. Scottrade Corp. creating an online system for employees to track paychecks, benefits, wellness rewards program, and other employee benefit items.
- D. The University of Forks creates a program to automatically order office supplies such as pens and pads of paper for its employees.

MIS can add value to both primary and support activities within a business. All are support activities except for the example, Netflix creating a business strategy for the video rental market that makes renting a movie simplified with their inexpensive, no late fee, quick mail delivery system. This is a primary value activity.

AACSB: Reflective Thinking
AACSB: Technology
Accessibility: Keyboard Navigation
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.

Fill in the Blank Questions

264. A _____ is the confirmation or validation of an event or object.
(p. 6)

Fact

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

265. The core drivers of the information age are data, knowledge, business intelligence and _____.
(p. 6)

Information

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

266. Today's workers are commonly referred to as _____ workers who use business intelligence along with personal experience to make decisions.
(p. 8)

Knowledge

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

267. Top managers use _____ intelligence to define the future of the business, analyzing markets, industries, and economies.
(p. 8)

Business

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.
Topic: Competing in the Information Age

268. The information _____ is when infinite quantities of fact are widely available to anyone
(p. 6) who can use a computer.

Age

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

269. Listing products that are about to expire first on the menu or creating them as a daily special to
(p. 7) move the product is considered a type of _____.

Knowledge

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

270. Best-selling product by month compared to sports season and city team wins and losses is
(p. 7) considered a type of business _____.

Intelligence

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

271. Companies are organized by departments. The _____ department is responsible for
(p. 9) maintaining records, measures, and reports monetary transactions.

Accounting

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

272. The _____ management department in a company manages the process of converting
(p. 10) or transforming of resources into goods or services.

Operations

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

273. The _____ department tracks strategic financial issues including money, banking, credit,
(p. 10) investments, and assets.

Finance

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

274. The _____ resources department maintains policies, plans, and procedures for a
(p. 10) company.

Human

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.
Topic: The Challenge: Departmental Companies

275. _____ is information that returns to its original transmitter and modifies the
(p. 13) transmitter's actions.

Feedback

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

276. A _____ is a collection of parts that link to achieve a common purpose.
(p. 13)

System or Systems

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.
Topic: The Solution: Management Information Systems

277. A _____ strategy is a leadership plan that achieves a specific set of goals or objectives.
(p. 15)

Business

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

278. _____ are material items or products that customer's will buy to satisfy a want or need.
(p. 13)

Goods

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

279. _____ are tasks performed by people that customer's will buy to satisfy a want or need.
(p. 13)

Services or Service

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

280. _____ is the process where a business takes raw materials and processes them or
(p. 13) converts them into a finished product for its goods or services.

Production

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

281. _____ is the rate at which goods and services are produced based upon total output
(p. 13) given total inputs.

Productivity

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

282. A car is an example of a _____.
(p. 13)

Good or Goods

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

283. A hair cut is an example of a _____.
(p. 13)

Service or Services

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

284. The Chief Information Officer is responsible for overseeing all uses of MIS and ensuring that
(p. 14) MIS strategically aligns with _____ goals and objectives.

Business

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

285. The Chief Security Officer is responsible for ensuring the _____ of business systems and
(p. 14) developing strategies and safeguards against attacks by hackers and viruses.

Security

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

286. The Chief _____ Officer is responsible for collecting, maintaining, and distributing
(p. 14) company knowledge.

Knowledge

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

287. The Chief _____ Officer is responsible for ensuring the speed, accuracy, availability,
(p. 14) and reliability of the MIS.

Technology

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

288. The Chief _____ Officer is responsible for overseeing all uses of MIS and ensuring that
(p. 14) MIS strategically aligns with business goals and objectives.

Information

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

289. The Chief _____ Officer is responsible for ensuring the security of business systems and
(p. 14) developing strategies and safeguards against attacks by hackers and viruses.

Security

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

290. Business strategies that match _____ company competencies to opportunities result in a
(p. 15) competitive advantage.

Core

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

291. Competitive _____ is the process of gathering information about the competitive
(p. 16) environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.

Intelligence

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.

Topic: Identifying Competitive Advantages

292. Apple utilized the first-mover _____ with its iPod product.
(p. 15)

Advantage

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

293. _____ costs is a common business strategy.
(p. 15)

Decreasing

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

294. _____ new customers is a common business strategy.
(p. 15)

Attracting

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

295. _____ new markets is a common business strategy.
(p. 15)

Entering

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

296. Michael Porter identified pressures that can hurt potential sales. Knowledgeable customers can
(p. 17) force _____ prices by pitting rivals against each other.

Down

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

297. _____ power measures the ability of buyers to affect the price they must pay for an
(p. 17) item.

Buyer

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

298. Enter *high* or *low* in the blank:
(p. 18) The threat of substitute products or services is _____ when there are many alternatives to a product or service and low when there are few alternatives from which to choose.

High

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

299. The _____ chain consists of all parties involved, directly or indirectly, in obtaining raw materials or a product.
(p. 18)

Supply

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

300. Enter *high* or *low* in the blank:
(p. 18) Rivalry among existing competitors is _____ when competition is fierce in a market and low when competitors are more complacent.

High

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

301. Porter has identified three _____ business strategies for entering a new market: 1) broad cost leadership, 2) broad differentiation, and 3) focused strategy.
(p. 20)

Generic

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

302. Focused strategies concentrate on either cost leadership or _____.
(p. 20)

Differentiation

Focused strategies concentrate on either cost leadership or differentiation.

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember

Difficulty: 1 Easy
Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

303. Porter suggests adopting only _____ of the three generic strategies.
(p. 20)

One or 1

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Understand
Difficulty: 2 Medium

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

304. A _____ chain analysis views a firm as a series of business processes that each adds
(p. 21) value to the product or service.

Value

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

305. _____ value activities found at the bottom of the value chain, these include business
(p. 21) processes that acquire raw materials and manufacture, deliver, market, sell, and provide after-sales services.

Primary

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

306. _____ value activities are found along the top of the value chain and include business
(p. 22) processes, such as firm infrastructure, human resource management, technology development, and procurement that support the primary value activities.

Support

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Remember
Difficulty: 1 Easy

Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies

Essay Questions

307. Describe the information age and the differences between data, information, business intelligence, and knowledge.
(p. 6-8)

We live in the information age, when infinite quantities of facts are widely available to anyone who can use a computer. The core drivers of the information age include data, information, business intelligence, and knowledge. Data are raw facts that describe the characteristics of an event or object. Information is data converted into a meaningful and useful context. Business intelligence (BI) is information collected from multiple sources such as suppliers, customers, competitors, partners, and industries that analyzes patterns, trends, and relationships for strategic decision making. Knowledge includes the skills, experience, and expertise, coupled with information and intelligence that creates a person's intellectual resources. As you move from data to knowledge you include more and more variables for analysis resulting in better, more precise support for decision making and problem solving.

AACSB: Reflective Thinking

AACSB: Technology

Blooms: Analyze

Difficulty: 3 Hard

Learning Outcome: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.

Topic: Competing in the Information Age

308. Identify the different departments in a company and why they must work together to achieve success.
(p. 9-11)

Companies are typically organized by department or functional area such as accounting, finance, human resources, marketing, operations management, and sales. Although each department has its own focus and own data, none can work independently if the company is to operate as a whole. It is easy to see how a business decision made by one department can affect other departments. Functional areas are anything but independent in a business. In fact, functional areas are interdependent. Sales must rely on information from operations to understand inventory, place orders, calculate transportation costs, and gain insight into product availability based on production schedules. For an organization to succeed, every department or functional area must work together sharing common information and not be a "silo." Information technology can enable departments to more efficiently and effectively perform their business operations.

AACSB: Reflective Thinking

AACSB: Technology

Blooms: Analyze

Difficulty: 3 Hard

Learning Outcome: 01-02 Identify the different departments in a company and why they must work together to achieve success.

Topic: The Challenge: Departmental Companies

309. Explain systems thinking and how management information systems enable business communications.
(p. 13-14)

A system is a collection of parts that link to achieve a common purpose. Systems thinking is a way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part. Feedback is information that returns to its original transmitter (input, transform, or output) and modifies the transmitter's actions. Feedback helps the system maintain stability. Management information systems (MIS) is a business function, like accounting and human resources, which moves information about people, products, and processes across the company to facilitate decision making and problem solving. MIS incorporates systems thinking to help companies operate cross-functionally. For example, to fulfill product orders, an MIS for sales moves a single customer order across all functional areas including sales, order fulfillment, shipping, billing, and finally customer service. Although different functional areas handle different parts of the sale, thanks to MIS, to the customer the sale is one continuous process.

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-03 Explain systems thinking and how management information systems enable business communications.

Topic: The Solution: Management Information Systems

310. Explain why competitive advantages are temporary.
(p. 15)

A competitive advantage is a feature of a product or service on which customers place a greater value than they do on similar offerings from competitors. Competitive advantages provide the same product or service either at a lower price or with additional value that can fetch premium prices. Unfortunately, competitive advantages are typically temporary, because competitors often quickly seek ways to duplicate them. In turn, organizations must develop a strategy based on a new competitive advantage. Ways that companies duplicate competitive advantages include acquiring the new technology, copying business processes, and hiring away employees.

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-04 Explain why competitive advantages are temporary.
Topic: Identifying Competitive Advantages

311. Describe Porter's Five Forces Model and explain each of the five forces.
(p. 17-18)

Porter's Five Forces Model analyzes the competitive forces within the environment in which a company operates, to assess the potential for profitability in an industry. Buyer power is the ability of buyers to affect the price they must pay for an item. Supplier power is the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services). Threat of substitute products or services is high when there are many alternatives to a product or service and low when there are few alternatives from which to choose. Threat of new entrants is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to entering a market. Rivalry among existing competitors is high when competition is fierce in a market and low when competition is more complacent.

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.
Topic: The Five Forces Model-Evaluating Industry Attractiveness

312. Compare Porter's three generic strategies.
(p. 20)

Organizations typically follow one of Porter's three generic strategies when entering a new market: (1) broad cost leadership, (2) broad differentiation, (3) focused strategy. Broad strategies reach a large market segment. Focused strategies target a niche market. Focused strategies concentrate on either cost leadership or differentiation.

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Analyze
Difficulty: 3 Hard

Learning Outcome: 01-06 Compare Porter's three generic strategies.
Topic: The Three Generic Strategies-Choosing a Business Focus

313. Demonstrate how a company can add value by using Porter's value chain analysis.
(p. 21-22)

To identify competitive advantages, Michael Porter created value chain analysis, which views a firm as a series of business processes that each add value to the product or service. The goal of value chain analysis is to identify processes in which the firm can add value for the customer and create a competitive advantage for itself, with a cost advantage or product differentiation. The value chain groups a firm's activities into two categories—primary value activities and support value activities. Primary value activities acquire raw materials and manufacture, deliver, market, sell, and provide after-sales services. Support value activities, along the top of the value chain in the figure, include firm infrastructure, human resource management, technology development, and procurement. Not surprisingly, these support the primary value activities.

AACSB: Reflective Thinking
AACSB: Technology
Blooms: Analyze

Difficulty: 3 Hard
Learning Outcome: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.
Topic: Value Chain Analysis-Executing Business Strategies