**Question 1**(1 point)

Question 1 Unsaved

Which of the following are all common forms of viruses?

Question 1 options:

|  |  |
| --- | --- |
|  | Packet tampering, worms, cakes, and Trojan viruses |
|  | Polymorphic, sniffer, splogs, and denial-of-service viruses |
|  | Backdoor program, worm, Trojan-horse viruses |
|  | All of these |

Save

**Question 2**(1 point)

Question 2 Unsaved

What is the depth and breadth of details contained in a piece of textual, graphic, audio, or video?

Question 2 options:

|  |  |
| --- | --- |
|  | Information richness |
|  | Information age |
|  | Information reach |
|  | Information browser |

Save

**Question 3**(1 point)

Question 3 Unsaved

When evaluating the six-step decision making process, what occurs during the solution selection step?

Question 3 options:

|  |  |
| --- | --- |
|  | The process will begin again if the decisions made were incorrect. |
|  | The problem is defined as clearly and precisely as possible. |
|  | The details are presented of every solution possible, including ideas that seem far-fetched. |
|  | The solution that best solves the problem is selected. |

**Question 4**(1 point)

Question 4 Unsaved

Content providers are companies that generate revenue by providing digital content such as news, music, photos, or videos, and examples include Netflix and iTunes.

Question 4 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Save

**Question 5**(1 point)

Question 5 Unsaved

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

Question 5 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Save

**Question 6**(1 point)

Question 6 Unsaved

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?

Question 6 options:

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

**Question 7**(1 point)

Question 7 Unsaved

Which of the following offers an example where Porter's Five Forces are mostly weak and competition is low?

Question 7 options:

|  |  |
| --- | --- |
|  | An international hotel chain purchasing milk. |
|  | A coffee shop. |
|  | A single consumer purchasing milk. |
|  | A dog-walking business. |

Save

**Question 8**(1 point)

Question 8 Unsaved

Applications allowed to be placed on the corporate network, like IM software, and corporate computer equipment used for personal reason on personal networks are two areas that should be addressed by managers in which of the following company policies?

Question 8 options:

|  |  |
| --- | --- |
|  | Information ethics policy |
|  | Information security policies |
|  | Information technology plan |
|  | All of these |

Save

**Question 9**(1 point)

Question 9 Unsaved

Which of the following represents businesses buying from and selling to each other over the Internet?

Question 9 options:

|  |  |
| --- | --- |
|  | B2B |
|  | B2C |
|  | C2B |
|  | C2C |

**Question 10**(1 point)

Question 10 Unsaved

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?

Question 10 options:

|  |  |
| --- | --- |
|  | Suppliers. |
|  | Customers. |
|  | Competitors. |
|  | All of these. |

Save

**Question 11**(1 point)

Question 11 Unsaved

Which of the following provides an example of data?

Question 11 options:

|  |  |
| --- | --- |
|  | Who are my best customers? |
|  | What is my best-selling product? |
|  | What is my worst-selling product? |
|  | Who is customer number 12345XX? |

Save

**Question 12**(1 point)

Question 12 Unsaved

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

Question 12 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Top of Form

**Question 13** **(1 point)**

Question 13 Unsaved

What is a category of AI that attempts to emulate the way the human brain works?

Question 13 options:

|  |  |
| --- | --- |
|  | Intelligent system |
|  | Artificial intelligence |
|  | Expert systems |
|  | Neural network |

Save

### ****Question 14**** (1 point)

Question 14 Unsaved

Social networks are websites that rely on user participation and user-contributed content, such as Facebook, YouTube, and Digg.

Question 14 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Save

### ****Question 15**** (1 point)

Question 15 Unsaved

Which four elements are included in systems thinking?

Question 15 options:

|  |  |
| --- | --- |
|  | Output, process, feedback, and accounting. |
|  | Process, output, operations, and accounting. |
|  | Input, process, output, and feedback. |
|  | Input, output, sales, and feedback. |

**Question 16**(1 point)

Question 16 Unsaved

Intelligent systems are various commercial applications of artificial intelligence.

Question 16 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Save

**Question 17**(1 point)

Question 17 Unsaved

Changing business processes with MIS outlines how to improve the three levels of business processes, which include operational, managerial, and strategic. From operational to strategic, what are the three major improvement strategies that the author describes?

Question 17 options:

|  |  |
| --- | --- |
|  | Automation—streamlining—reengineering |
|  | Artificial intelligence—streamlining—reengineering |
|  | Automation—workflow—reinvention |
|  | Automation—consolidating—restructuring |

Save

**Question 18**(1 point)

Question 18 Unsaved

What are the two categories that include intellectual and knowledge-based assets?

Question 18 options:

|  |  |
| --- | --- |
|  | Explicit knowledge; tacit knowledge |
|  | Efficient knowledge; tacit knowledge |
|  | Intelligent knowledge; explicit knowledge |
|  | Open knowledge; closed knowledge |

**Question 19**(1 point)

Question 19 Unsaved

When evaluating the six-step decision making process, what occurs during the solution implementation step?

Question 19 options:

|  |  |
| --- | --- |
|  | The process will begin again if the decisions made were incorrect. |
|  | The problem is defined as clearly and precisely as possible. |
|  | The details are presented of every solution possible, including ideas that seem far-fetched. |
|  | The solution that best solves the problem is selected. |

Save

**Question 20**(1 point)

Question 20 Unsaved

Two ways to reduce buyer power are through switching costs and loyalty programs.

Question 20 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Save

**Question 21**(1 point)

Question 21 Unsaved

Companies use \_\_\_\_\_\_\_\_\_\_ as marketing communication channels discussing everything from corporate strategies to detailed product overviews.

Question 21 options:

|  |  |
| --- | --- |
|  | IMing |
|  | Web browsing |
|  | Email |
|  | Podcasting |

### ****Question 1**** (1 point)

Question 1 Unsaved

Which of the following policies states that users agree to follow it in order to be given access to corporate email, information systems, and the Internet?

Question 1 options:

|  |  |
| --- | --- |
|  | Acceptable use policy |
|  | Social media policy |
|  | Information privacy policy |
|  | Email privacy policy |

Save

### ****Question 2**** (1 point)

Question 2 Unsaved

What is the system that consists of nonproprietary hardware and software based on publicly known standards that allows third parties to create add-on products to plug into or interoperate with the system?

Question 2 options:

|  |  |
| --- | --- |
|  | Management system |
|  | Reputation system |
|  | Knowledge system |
|  | Open system |

Save

### ****Question 3**** (1 point)

Question 3 Unsaved

What is the DSS analysis that checks the impact of a change in a variable or assumption on the model?

Question 3 options:

|  |  |
| --- | --- |
|  | Optimization analysis |
|  | Goal-seeking analysis |
|  | Sensitivity analysis |
|  | What-if analysis |

### ****Question 4**** (1 point)

Question 4 Unsaved

Review the following list of key terms and determine which one typically occurs during operational business process improvement.

Question 4 options:

|  |  |
| --- | --- |
|  | Automation |
|  | Streamlining |
|  | Reengineering |
|  | Improvement |

Save

### ****Question 5**** (1 point)

Question 5 Unsaved

If you were thinking about a home theater system, which of the following represents the process?

Question 5 options:

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

Save

### ****Question 6**** (1 point)

Question 6 Unsaved

Which of the following does not represent a category of AI?

Question 6 options:

|  |  |
| --- | --- |
|  | Genetic algorithms |
|  | Neural networks |
|  | Expert systems |
|  | Consolidation |

### ****Question 7**** (1 point)

Question 7 Unsaved

Which of the following is offered by a digital dashboard?

Question 7 options:

|  |  |
| --- | --- |
|  | Consolidation |
|  | Drill-down |
|  | Slice-and-dice |
|  | All of these |

Save

### ****Question 8**** (1 point)

Question 8 Unsaved

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

Question 8 options:

|  |  |
| --- | --- |
|  | Input, transform, output. |
|  | Input, transform, outnumber. |
|  | Output, input, performer. |
|  | Input, process, transform. |

Save

### ****Question 9**** (1 point)

Question 9 Unsaved

What is the most common form of collective intelligence found inside the organization?

Question 9 options:

|  |  |
| --- | --- |
|  | Crowdsourcing |
|  | Tacit management |
|  | Knowledge management |
|  | Tagging |

### ****Question 10**** (1 point)

Question 10 Unsaved

How would a company like Flickr use social tagging on its website?

Question 10 options:

|  |  |
| --- | --- |
|  | By applying keywords that do not match user content |
|  | By building a tagging game for customers to participate in |
|  | By allowing users to upload images and tag the images with their own keywords |
|  | By selecting the keywords to associate with each image a customer uploads |

Save

### ****Question 11**** (1 point)

Question 11 Unsaved

What are the first two lines of defense a company should take when addressing security risks?

Question 11 options:

|  |  |
| --- | --- |
|  | Technology first, customers second |
|  | Technology first, people second |
|  | Innovation first, technology second |
|  | People first, technology second |

Save

### ****Question 12**** (1 point)

Question 12 Unsaved

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

Question 12 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

### ****Question 13**** (1 point)

Question 13 Unsaved

In the information technology world, which of the following are examples of ethical issues that a company may have to manage?

Question 13 options:

|  |  |
| --- | --- |
|  | Employees copying and distributing company-owned software |
|  | Employees searching other employees' private information without consent |
|  | Employees intentionally creating or spreading viruses to confuse IT |
|  | All of the following |

Save

### ****Question 14**** (1 point)

Question 14 Unsaved

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.

Question 14 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Save

### ****Question 15**** (1 point)

Question 15 Unsaved

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.

Question 15 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

### ****Question 16**** (1 point)

Question 16 Unsaved

Sears department stores used to plant employees in competitor stores to perform research and analysis. Recently, the company implemented a system that can search competitor websites and provide comparisons of price, promotions, and availability, and the system is saving time, money, and resources. What type of system did Sears implement?

Question 16 options:

|  |  |
| --- | --- |
|  | Shopping algorithm |
|  | Shopping network |
|  | Shopping logic |
|  | Shopping bot |

Save

### ****Question 17**** (1 point)

Question 17 Unsaved

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

Question 17 options:

|  |  |
| --- | --- |
|  | True |
|  | False |

Save

### ****Question 18**** (1 point)

Question 18 Unsaved

CSFs and KPIs are two core metrics used to evaluate results and measure the progress of a project for a business. Which of the following represents the acronyms for CSF and KPI?

Question 18 options:

|  |  |
| --- | --- |
|  | Continual success factors and key performance indicators |
|  | Critical success factors and key project ideas |
|  | Customer success findings and key project ideas |
|  | Critical success factors and key performance indicators |

### ****Question 19**** (1 point)

Question 19 Unsaved

Which type of AI system assigns values of 0 and 1 to vague or ambiguous information?

Question 19 options:

|  |  |
| --- | --- |
|  | Genetic algorithms |
|  | Artificial intelligence |
|  | Fuzzy logic |
|  | Intelligent agents |

Save

### ****Question 20**** (1 point)

Question 20 Unsaved

What converts an audio broadcast to a digital music player?

Question 20 options:

|  |  |
| --- | --- |
|  | Podcasting |
|  | Videoconferencing |
|  | Photo sharing |
|  | Email |

Save

### ****Question 21**** (1 point)

Question 21 Unsaved

Who are those who seek to cause harm to people or to destroy critical systems or information and use the Internet as a weapon of mass destruction?

Question 21 options:

|  |  |
| --- | --- |
|  | White-hat hacker |
|  | Black-hat hacker |
|  | Cyberterrorists |
|  | Script bunnies |

Acceptable Use policy (AUP) 138

A policy that a user must agree to follow in order to be provided acces to a network or the internet.



Adware 143

Software that generates ads that install themselves on a computer when a person downloads some other program from the internet.



Anti-Spam Policy 140

States the email users will not send unsolicited emails (or spam).



Authentication 151

A method for confirming users' identities.



Authorization 151

The process of giving someone permission to do or have something.



Backdoor Program 156

Viruses that open a way into the network for future attacks.



Biometrics 153

The identification of a user based on a physical characteristic, such as a fingerprint, iris, face, voice, or handwriting.



Black-Hat Hacker 156

Breaks into other people's computer systems and may just look around or steal and destroy information.



Clickstream 143

Records of information about a customer during a web surfing session such as what websites were visited, how long the visit was, what ads were viewed, and what was purchased.



Confidentiality 133

The assurance that messages and information are available only to those who are authorized to view them.



Content Filtering 153

Occurs when organizations use software that filters content to prevent the transmission of unauthorized information.



Cookie 143

A small file deposited on a hard drive by a website containing information about customers and their web activities.



Copyright 132

The legal protection afforded an expression of an idea, such as a song, video game, and some types of proprietary documents.



Counterfeit Software 132

Software that is manufactured to look like the real thing and sold as such.



Cracker 156

A hacker with criminal intent.



Cyberterrorist 156

Seeks to cause harm to people or to destroy critical systems or information and use the Internet as a weapon of mass destruction.



Denial-of-Service Attack (DoS) 156

Floods a website with so many requests for service that it slows down or crashes the site.



Elevation of Privilege 156

Process by which a user misleads a system into granting unauthorized rights, usually for the purpose of compromising or destroying the system.



Email Privacy Policy 140

Details the extent to which email messages may be read by others.



Encryption 154

Scrambles information into an alternative form that requires a key or password to decrypt the information.



Epolicies 135

Policies and procedures that addresses the ethical use of computers and Internet usage in the business environment.



Ethical Computer Use Policy 135

Contains general principals to guide computer user behavior.



Ethics 132

Principles and standards that guide our behavior toward other people.



Fair Use Doctrine 132

In certain situations, it is legal to use copyrighted material.



Firewall 150, 154

Hardware and/or software that guards a private network by analyzing the information leaving and entering the network.



Hacker 156

People very knowledgeable about computers who use their knowledge to invade other people's computers.



Hactivist 156

Person with philosophical and political reasons for breaking into systems and will often deface the website as a protest.



Hardware Key Logger 143

A hardware device that captures keystrokes on their journey from the keyboard to the motherboard.



Hoaxes 156

Attack computer systems by transmitting a virus hoax, with a real virus attached.



Identify Theft 152

The forgoing of someone's identity for the purpose of fraud.



Information Privacy Policy 138

Contains general principles regarding information privacy.



Information Security 146

A broad term encompassing the protection of information from accidental or intentional misuse by persons inside or outside an organization.



Information Security Plan 148

Details how an organization will implement the information security policies.



Information Technology Monitoring 142

Tracking people's activities by such measures as number of keystrokes, error rate, and number of transactions processed.



Insider 148

Legitimate users who purposely or accidentally misuse their access to the environment and cause some kind of business-affecting incident.



Intellectual Property 132

Intangible creative work that is embodied in physical form.



Internet Use Policy 140

Contains general principles to guide the proper use of the Internet.



Intrusion Detection Software (IDS) 150

Searches out patterns in information and network traffic to indicate attacks and quickly responds to prevent any harm.



Key Logger Software (Key Trapper) 143

A program that, when installed on a computer, records every keystroke and mouse click.



Mail Bomb 139

Sends a massive amount of email to a specific person or system resulting in filling up the recipient's disk space, which, in some cases, may be too much for the server to handle and mey cause the server to stop functioning.



Malicious Code 156

Includes a variety of threats such as viruses, worms, and Trojan horses.



Nonrepudiation 138

A contractual stipulation to ensure that ebusiness participants do not deny (repudiate) their online actions.



Packet Tampering 156

Altering the contents of packets as they travel over the Internet or altering data on computer disks after penetrating a network.



Phishing 152

Technique to gain personal information for the purpose of identity theft, usually by means of fraudulent email.



Pirated Software 132

The unauthorized use, duplication, distribution, or sale of copyrighted software.



Polymorphic Virus and Worm 156

Change their form as they propagate.



Public Key Encryption (PKE) 154

Encryption systems that uses two keys: a public key that everyone can have and a private key for only the recipient.



Script Kiddies or Script Bunnies 156

Find hacking code on the Internet and click-and-point their way into systems to cause damage or spread viruses.



Smart Card 152

A device that is around the same size as a credit card, containing embedded technologies that can store information and small amounts of software to perform some limited processing.



Sniffer 156

A program or device that can monitor data traveling over a network.



Social Engineering 148

Using one's social skills to trick people into revealing access credentials or other information valuable to the attacker.



Spam 140

Unsolicited email.



Spoofing 156

The forging of the return address on an email so that the email message appears to come from someone other than the actual sender.



Spyware (Sneakware or Stealthware) 143, 156

Software that comes hidden in free downloadable software and tracks online movements, mines the information stored on a computer, or uses a computer, or uses a computer's CPU and storage for some task the user knows nothing about.



Token 152

Small electronic devices that change user passwords automatically.



Trojan-Horse Virus 156

Hides inside other software, usually as an attachment or a downloadable file.



Virus 156

Software written with malicious intent to cause annoyance or damage.



Web Log 143

Consists of one line of information for every visitor to a website and is usually stored on a web server.



White-Hat Hacker 156

Works at the request of the system owners to find system vulnerabilities and plug the holes.



Worm 156

A type of virus that spreads itself, not only from file to file, but also from computer to computer.

Strategic-Managerial-Operational

Which of the below represents the three different levels of a company pyramid from the top to the bottom



All of the above

Which of the below would you include as decisions and responsibilities typically found at the operational level of a company?



All of the above

Which of the below key terms represents the types of decisions made at the operational, managerial, and strategic levels of a company?



Strategic

The level where managers develop overall business strategies and monitor the performance of the organization and the competitive business environment is the \_\_\_\_\_\_\_\_\_\_\_ level.



Critical success factors and key performance indicators

CSF's and KPI's are two core metrics used to evaluate results and measure the progress of a project for a business. Which of the below represents the acronyms for CSF and KPI?



Metrics

What are measurements that evaluate results to determine whether a project is meeting its goals?



Critical success factors can have several key performance indicators

Which of the below statements is accurate?



CSF's are business strategy elements where KPI's measure the progress of the CSF's

CSF's and KPI's are the two core metrics used within a business to track progress or success. What is the relationship between CSFs and KPIs?



Effectiveness MIS metrics, efficiency MIS metrics

What could a manager use to measure the success of an MIS project?



Efficiency MIS metrics

What type of metrics measure throughput, transaction speed, and system availability?



Effectiveness MIS metrics

What types of metrics measure customer satisfaction?



Usability

Which of the following is a type of effectiveness MIS metric?



Usability, customer satisfaction, conversion rates, financial

Which of the following are the four common types of effectiveness MIS metrics?



All of the above

When analyzing the interrelationships between efficiency and effectiveness, where would a company ideally want to operate?



Benchmarking

What is the process of continuously measuring system results, comparing those results to optimal system performance, and identifying steps and procedures to improve system performance?



EIS, DSS, TPS

Which of the following represents the top-down (executives to analysts) organizational levels of information technology systems?



All of the above  
A. Calculate risks  
B. Understand uncertainty  
C. Manipulate time

What can a model accomplish?



Involves the aggregation of information and features simple roll-ups to complex groupings of interrelated information

What is consolidation?



Enables users to get details, and details of details, of information

What is drill-down capability?



The ability to look at information from different perspectives

What is slice-and-dice capability?



fuzzy logic

Which type of AI system assigns values of 0 and 1 to vague or ambiguous information?



Making an airline reservation

Which of the below would create transactional information?



A. Update existing information to reflect the new information  
B. Store the information  
C. Process the information according to defined business rules  
D. All of the above

Online transaction processing (OLTP) is the capturing of transaction and event information using technology to \_\_\_\_\_\_\_\_\_\_\_\_.



What-If Analysis, Sensitivity Analysis, Goal-Seeking Analysis, Optimization Analysis

Which of the below represent the four main DSS analysis techniques outlined in the chapter?



What-if analysis

What is the DSS analysis that checks the impact of a change in a variable or assumption on the model?



OLTP is used at the operational level; OLAP is used at the managerial level  
B. OLTP is used to capture transactional and event data; OLAP is used to manipulate information  
C. OLTP is used to support structured decisions; OLAP is used to support semistructured decisions  
D. All of the above

Online transaction processing (OLTP) and online analytical processing (OLAP) are similar MIS strategies used to help with business decision making. What is the primary difference between OLTP and OLAP?



Goal-seeking analysis

What is the analysis that works in reverse to what-if and sensitivity analysis by finding the inputs necessary to achieve a goal such as a desired level of output?



Executive Information System (EIS)

Decision making at the executive or strategic level require business intelligence and knowledge to support the uncertainty and complexity of the business. What is a specialized DSS that supports senior-level executives and unstructured decisions requiring judgment, evaluation, and insight?



Granularity

Executives of a company deal less with details of the operational activities and deal more with the higher meaningful aggregations of information or "coarser" information. What refers to the level of detail in the model?



EIS requires data from external sources to support unstructured decisions where a DSS typically uses internal sources to support semistructured decisions

How does a DSS typically differ from an EIS?



Digital Darwinism

Which of the following terms implies that organizations that cannot adapt to the new demands placed on them for surviving in the information age are doomed to extinction?

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Sustaining technology

Which of the following produces an improved product customers are eager to buy, such as a faster car or larger hard drive?

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A. Enter the marketplace at the low end  
B. A new way of doing things that initially doesn't meet the needs of existing customers  
C. Tend to open new markets and destroy old ones  
D. All of the above are included

Which of the following represents a form of disruptive technology?

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disruptive technology

The Innovator's Dilemma suggests that established companies can take advantage of \_\_\_\_\_\_\_\_\_\_\_ without hindering existing relationships with customers, partners, and stakeholders.

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internet

Which of the following began as an essential emergency military communications system operated by the U.S. Department of Defense (DARPA)?

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Ecommerce is buying and selling of goods or services online; ebusiness includes ecommerce and all activities related to internal and external business operations

What is the difference between ecommerce and ebusiness?

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Hypertext markup language (HTML)

What is the Internet protocol Web browsers use to request and display Web pages using universal resource locators?

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Internet Explorer and Mozilla Firefox

Which of the following is a type of Web browser?

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One-hour film processing and digital cameras stole its market share

What caused Polaroid to go bankrupt?

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ARPANET

Universities were among some of the first users of the Internet. What was the Internet first called?

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Reducing information reach

Which of the below would not be considered an advantage of ebusiness?

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Mass customization

What is the ability of an organization to tailor its products or services to the customers' specifications?

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Personalization

Amazon creates a unique recommendation listing for each customer that revisits its website. How would you classify Amazon's ebusiness strategy?

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Reintermediation

What uses the Internet to reassemble buyers, sellers, and other partners in a traditional supply chain in new ways?

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Intermediaries

When evaluating the business value of disintermediation the more \_\_\_\_\_\_\_\_\_\_\_\_ that are cut from the distribution chain, the lower the product price.

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A. Effective MIS metrics  
B. Interactivity  
C. Clickstream data  
D. All of the above

What is the best way to measure a company's ebusiness success?

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A. Cookies  
B. Pop-up ad  
C. Banner ad  
D. All of the above

Which of the following is an ebusiness marketing technique?

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Viral marketing

Which type of ebusiness marketing technique induces websites or users to pass on a marketing message to other websites or users, creating exponential growth in the message's visibility and effect?

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A. Dates and times of visits  
B. Number of customers with shopping carts  
C. The number of page views  
D. All of the above

Which of the following is an example of a clickstream data metric?

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A business model details how a company creates, delivers, and generates revenue; an ebusiness model does all of the same except on the Internet

What is the difference between a business model and an ebusiness model?

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Business-to-business, business-to-consumer, consumer-to-business, and consumer-to-consumer

What are the four main types of ebusiness models?

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B2C focuses on business to consumers and C2B focuses on consumers to business

What is the difference between a B2C and a C2B?

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c2c

What is the ebusiness model which applies to customers offering goods and services to each other over the Internet?

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b2b

Which of the following represents businesses buying from and selling to each other over the Internet?

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b2c

Carfax is an example of a company who sells its products or services directly to its consumers online. Which ebusiness model is Carfax using?

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Adwords

What type of revenue generation model is Google using when it generates revenue by allowing advertisers to bid on common search terms?

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Brick-and-mortar business

What is a business that operates in a physical store without an Internet presence?

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Pure-play

Which type of ebusiness model is Amazon using?

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subscription fee

All of the following are forms of ebusiness except \_\_\_\_\_\_\_\_\_\_\_\_\_.

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Service provider

Which of the below is not a valid form of an ebusiness revenue model

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Email, instant messaging, podcasting, content management systems, and video and Web conferencing

Which of the following represents the connecting and communicating tools supporting and driving ebusiness?

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Content providers, infomediaries, online marketplaces, portals, service providers, transaction brokers

Which of the following represents the categories for ebusiness models?

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facebook

Which of the below is not an ISP?

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Increasing liabilities

Which of the following is a challenge facing an ebusiness?

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Identifying limited market segments, managing consumer trust, ensuring consumer protection, and adhering to taxation rules

What are the four challenges facing ebusinesses outlined in the text?

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A. Be accessible to communicate in-person  
B. Be available to communicate in-person  
C. Use customer testimonials that link to your client website  
D. All of the above

Managing consumer trust is a challenge for ebusinesses. Which of the following is a good way to build trust when working with customers over the Internet?

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. Consumer trust

Internet marketers must develop \_\_\_\_\_\_\_\_\_\_\_ to build strong relationships with customers to ensure loyalty.

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C. Some online companies have to charge sales tax

Which of the below statements is accurate when considering the ebusiness challenge of adhering to taxation rules?

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open system

What is the system that consists of nonproprietary hardware and software based on publicly known standards that allows third parties to create add-on products to plug into or interoperate with the system?

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User-contributed content

What is Web content that is created and updated by many users for many users?

Digital Darwinism

implies that organizations that cannot adapt to the new demands placed on them for surviving in the information age are doomed to extinction

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Disruptive Technology

a new way of doing things that initially does not meet the needs of existing customers; tend to open new markets and destroy old ones

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Sustaining Technology

produces an improved product customers are eager to buy, such as a faster car or larger hard drive; tend to provide us with better, faster, and cheaper products in established markets

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Internet

a massive network that connects computers all over the world and allows them to communicate with one another; computers connected via can send and receive information including text, graphics, voice, video, and software; includes the WWW and also other forms of communication systems such as email

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World Wide Web (WWW)

provides access to Internet information through documents including text, graphics, audio, and video files that use a special formatting language called HTML; just one part of the Internet, its primary use is to correlate and disseminate information

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Hypertext Markup Language (HTML)

links documents, allowing users to move from one to another simply by clicking on a hot spot or link

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Web Browsers

allow users to access the WWW; ex:) Internet Explorer or Mozilla's Firefox

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Hypertext Transport Protocol (HTTP)

the Internet protocol Web browsers use to request and display Web pages using universal resource locators

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Universal Resource Locator (URL)

the address of a file or resource on the Web such as www.apple.com; a domain name identifies the address (www.apple.com is the domain name)

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Web 1.0

a term to refer to the World Wide Web during its first few years of operation between 1991 and 2003

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Ecommerce

the buying and selling of goods and services over the internet; refers only to online transactions

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Ebusiness

includes ecommerce along with all activities related to internal and external business operations such as servicing customer accounts, collaborating with partners, and exchanging real-time information

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Paradigm Shift

occurs when a new radical form of business enters the market that reshapes the way companies and organizations behave

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Information Richness

refers to the depth and breadth of details contained in a piece of textual, graphic, audio, or video information; buyers need to make informed purchases

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Information Reach

measures the number of people a firm can communicate with all over the world; sellers need to properly market and differentiate themselves from the competition

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Mass Customization

the ability of an organization to tailor its products or services to the customers' specifications; ex:) customers can order M&M's in special colors or with customized sayings such as "Marry Me"

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Personalization

occurs when a company knows enough about a customer's likes and dislikes that it can fashion offers more likely to appeal to that person, say by tailoring its website to individuals or groups based on profile information, demographics, or prior transactions; Amazon uses to create a unique portal for each of its customers

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Long Tail

the tail of a typical sales curve; this strategy demonstrates how niche products can have viable and profitable business models when selling via ebusiness

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Intermediaries

agents, software, or businesses that provide a trading infrastructure to bring buyers and sellers

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Disintermediation

occurs when a business sells directly to the customer online and cuts out the intermediary; this business strategy lets the company shorten the order process and add value with reduced costs or a more responsive and efficient service

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Reintermediation

steps are added to the value chain as new players find ways to add value to the business process

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Cybermediation

refers to the creation of new kinds of intermediaries that simply could not have existed before the advent of ebusiness, including comparison-shopping sites such as Kelkoo and bank account aggregation services such as Citibank

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Interactivity

measures advertising effectiveness by counting visitor interactions with the target ad, including time spent viewing the ad, number of pages viewed, and number of repeat visits to the advertisement; the measures are a giant step forward for advertisers, since traditional advertising methods (newspapers, magazines, radio, and television) provide few ways to track effectiveness

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Clickstream Data

can observe the exact pattern of a consumer's navigation through a site

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Business Model

a plan that details how a company creates, delivers, and generates revenues

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Ebusiness Model

a plan that details how a company creates, delivers, and generates revenues on the Internet; falls into one of the four categories: (1) business-to-business, (2) business-to-consumer, (3) consumer-to-business, and (4) consumer-to-consumer

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Business-to-Business (B2B)

applies to businesses buying from and selling to each other over the Internet; represent 80% of all online business and are more complex with greater security needs than the other types; ex:) medical billing service, software sales and licensing, and virtual assistant businesses

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Business-to-Consumer (B2C)

applies to any business that sells its products or services directly to consumers online; Carfax offers car buyers detailed histories of used vehicles for a fee; three ways to operate: brick-and-mortar, click-and-mortar, and pure play

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Eshop (estore or etailer)

an online version of a retail store where customers can shop at any hour; can be an extension of an existing store such as The Gap or operate only online such as Amazon.com

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Brick-and-Mortar Business

a business that operates in a physical store without an Internet presence; ex:) T.J. Maxx

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Click-and-Mortar Business

a business that operates in a physical store and on the Internet; ex:) Barnes and Noble

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Pure-Play (Virtual) Business

a business that operates on the Internet only without a physical store; ex:) Google

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Consumer-to-Business (C2B)

applies to any consumer who sells a product or service to a business on the Internet; ex:) customers of Priceline.com, who set their own prices for items such as airline tickets or hotel rooms and wait for a seller to decide whether to supply them

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Consumer-to-Consumer (C2C)

applies to customers offering goods and services to each other on the Internet; ex:) an auction where buyers and sellers solicit consecutive bids from each other and prices are determined dynamically

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Internet Service Provider (ISP)

a company that provides access to the Internet for a monthly fee; ex:) major ones in the United States include AOL, AT&T, Comcast, Earthlink, and Netzero, as well as thousands of local ones including regional telephone companies

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Real-Time Communication

occurs when a system updates information at the same rate it receives it

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Instant Messaging (IMing)

a service that enables instant or real-time communication between people

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Podcasting

converts an audio broadcast to a digital music player; can increase marketing reach and build customer loyalty; companies use as marketing communication channels discussing everything from corporate strategies to detailed product overviews

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Web Conferencing (Webinar)

blends videoconferencing with document sharing and allows the user to deliver a presentation over the Web to a group of geographically dispersed participates; regardless of the type of hardware or software the attendees are running, every participant can see what is on anyone else's screen

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Content Management Systems (CMS)

help companies manage the creation, storage, editing, and publication of their website content; user-friendly; most include Web-based publishing, search, navigation, and indexing to organize information; they let users with little or no technical expertise make website changes

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Taxonomy

the scientific classification of organisms into groups based on similarities of structure or origin; also used for indexing the content on the website into categories and subcategories of topics

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Information Architecture

the set of ideas about how all information in a given context should be organized

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Web 2.0 (Business 2.0)

the next generation of Internet use-a more mature, distinctive communications platform characterized by new qualities such as collaboration, sharing, and free; encourages user participation and the formation of communities that contribute to the content; technical skills are no longer required to use and publish information to the World Wide Web, eliminating entry barriers for online business

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Open System

consists of nonproprietary hardware and software based on publicly known standards that allows third parties to create add-on products to plug into or interoperate with the system

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Source Code

contains instructions written by a programmer specifying the actions to be performed by computer software

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Open Source

refers to any software whose source code is made available free (not on a fee or licensing basis as in ebusiness) for any third party to review and modify; ex:) Mozilla offers its Firefox Web browser and Thunderbird email software free

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User-Contributed Content (User-Generated Content)

created and updated by many users for many users; websites such as Flickr, Wikipedia, and YouTube move control of online media from the hands of leaders to the hands of users

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Repudiation System

one of the most popular forms of user-generated content; where buyers post feedback on sellers; companies ranging from Amazon to restaurants are using them to improve quality and enhance customer satisfaction

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Collaboration System

a set of tools that supports the work of teams or groups by facilitating the sharing and flow of information

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Collective Intelligence

collaborating and tapping into the core knowledge of all employees, partners, and customers

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Knowledge Management (KM)

the most common form of collective intelligence found inside the organization; involves capturing, classifying, evaluating, retrieving, and sharing information assets in a way that provides context for effective decisions and actions; primary objective is to be sure that a company's knowledge of facts, sources of information, and solutions are readily available to all employees whenever it is needed

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Knowledge Management System (KMS)

supports the capturing, organization, and dissemination of knowledge throughout an organization; can redistribute an organization's knowledge base by interconnecting people and digitally gathering their expertise

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Explicit Knowledge

consists of anything that can be documented, archived, and codified, often with the help of IT; ex:) assets such as patents, trademarks, business plans, marketing research, and customer lists

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Tacit Knowledge

the knowledge contained in people's heads; the challenge inherent in this is figuring out how to recognize, generate, share, and manage knowledge that resides in people's heads

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Crowdsourcing

refers to the wisdom of the crowd; most common form of collective intelligence found outside the organization

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Asynchronous Communications

communication such as email in which the message and the response do not occur at the same time

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Synchronous Communication

communications that occur at the same time such as IM or chat; brought about by Business 2.0

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Social Media

refers to websites that rely on user participation and user-contributed content, such as Facebook, YouTube, and Digg

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Social Network

an application that connects people by matching profile information

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Social Networking

the practice of expanding your business and/or social contacts by constructing a personal network; these sites provide: (1) the ability to create and maintain a profile that serves as an online identity within the environment, (2) the ability to create connections between other people within the network

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Social Networking Analysis (SNA)

maps group contacts (personal and professional) identifying who knows each other and who works together; can provide a vision of how employees work together; can identify key experts with specific knowledge such as how to solve a complicated programming problem or launch a new product

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Tags

specific keywords or phrases incorporated into website content for means of classification or taxonomy

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Social Tagging

describes the collaborative activity of marking shared online content with keywords or tags as a way to organize it for future navigation, filtering, or search

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Folksonomy

similar to taxonomy except that crowdsourcing determines the tags or keyword-based classification system

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Website Bookmark

a locally stored URL or the address of a file or Internet page saved as a shortcut

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Social Bookmarking

allows users to share, organize, search, and manage bookmarks

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Blog (Web Log)

an online journal that allows users to post their own comments, graphics, and video; let writers communicate (and reader's respond) on a regular basis through a simple yet customizable interface that does not require any programming

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Microblogging

the practice of sending brief posts (140 to 200 characters) to a personal blog, either publicly or to a private group of subscribers who can read the posts as IMs or as text messages; the main advantage is that posts can be submitted by a variety of means, such as instant messaging, email, or the Web; ex:) Twitter

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Real Simple Syndication (RSS)

a Web format used to publish frequently updated works, such as blogs, news headlines, audio, and video, in a standardized format; a document or feed includes full or summarized text, plus other information such as publication date and authorship

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Wiki

(the word is Hawaiian for quick) a type of collaborative Web page that allows users to add, remove, and change content, which can be easily organized and reorganized as required; based on open collaboration with any and everybody; user can generally alter the original content of any article

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Network Effect

describes how products in a network increase in value to users as the number of users increases; the more users and content managers on a wiki, the greater the network affect because more users attract more contributors, whose work attracts more users, and so on; ex:) Wikipedia becomes more valuable to users as the number of its contributors increases

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Mashup

a website of Web application that uses content from more than one source to create a completely new product or service; the Web version allows users to mix map data, photos, video, news feeds, blog entries, and so on to create content with a new purpose

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Application Programming Interface (API)

typically sources content used in mashups; a set of routines, protocols, and tools for building software applications

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Mashup Editors

WYSIWYG (What You See Is What You Get tools); provide a visual interface to build a mashup, often allowing the user to drag and drop data points into a web application

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Egovernment

involves the use of strategies and technologies to transform government(s) by improving the delivery of services and enhancing the quality of interaction between the citizen-consumer within all branches of government

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Mobile Business (mbusiness or mcommerce)

the ability to purchase goods and services through a wireless Internet-enabled device

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| --- | --- |
| **Question** | **Answer** |
| What is not a typical way a company would duplicate a competitive advantage | Carrying large product inventories. |
| A business strategy achieves a specific set of goals which include.. | Attacting new customers, developing new products or services |
| Competetive Intelligence is the process of gathering information about the competitive environment including | Competitors' plans |
| What is competitive advantage | A future of a product or service on which customers place a greater value than they do on similar offerings for competitors |
| Three common tools used in industry to analyze and develop competitive advantages: | Five Forces Model, Three generic strategies, Value chain analysis |
| The process of gathering info about the competitive environment including competitors, plans and products to improve a companies ability to succeed in: | Competitive Intelligence |
| Michael Porter - Five Forces Model and the potential pressures that can hurt sales: | 1. New market entrants can steal potential capital; substitute products can steal customers; Competition can steal customers |
| What are costs that make customers reluctant to switch to another product or service. | Switching costs |
| What includes all parties involved, directly or indirectly, in obtaining raw materials or a product? | Supply Chain |
| What are the five layers of Porters Five Forces Model | Competition (Center); Buyer power, supplier power, threat of new entrants, threat of substitute products or services |
| Porter identified three generic strategies that a business could follow after identifying a market it wanted to enter. What are they? | Broad differentiation; Focused strategy; broad cost leadership |
| When analyzing Porter's three generic strategies for entering a market, if you have a focused strategy what market should you target | a niche market |
| Broad differentitation, broad cost leadership, and \_\_\_\_\_\_\_create the three generic strategies identified by Porter. | Focused strategy |
| If a business is following a focused strategy then its competitive scope is | Narrow market |
| What represents procurement as part of the support value activities in a value chain analysis | purchases inputs such as raw materials, resources, equipment and supplies |
| What is a standardized set of activities that accomplishes a specific task? | business process |
| Analyzes a company's business processes and is useful for determining how to create the greatest possible value for customers | Value chain anaylsis |
| 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, wtih a \_\_\_\_\_\_\_\_or \_\_\_\_\_\_\_\_\_\_. | Cost advantage, product differentitation |
| A \_\_\_\_\_\_\_\_\_is the confirmation or validation of an event or object | fact |
| The core drivers of the info age are: | data, knowledge, business intelligence and information |
| Focused strategies concentrate on either cost leadership or | differentiation |
| Three types of organizational information system | Executive information system; decisions support system; transactional processing system |
| Name three important challenges facing managers today | Making business decisions; solving business problems; competing to win in today's market |
| What must managers be able to do to compete in today's global marketplace | 1. make decisions to gain competitive advantage; 2. Make decision that can help forecast future business needs; 3. Make decision that can help forecast future business requirements |
| When evaluating the six-step decision making process, what occurs during the solution implementation step? | The process will begin again if the decisions made were incorrect. |
| what structure represents a typical organization | Pyramid |
| A company pyramid from top to bottom consists of: | Strategic - Managerial - Operational |
| Data collection, solution generation, and solution implementation are all concepts associated wtih | the six-step decision making process |
| Two metrics used to evaluate results and measure the progress of a project for a business are CSF and KPI. What do they stand for? | Critical Success Factors and Key Performance Indicators |
| What are measurements that evaluate results to determine whether or aproject is meeting its goals | Metrics |
| What type of measurement is using market share as a KPI | External measurement |
| What is a KPI (Key Performance Indicator) that indicates the earning power of a project? | Return on Investment (ROI) |
| According to Peter Drucker, managers who do things right address \_\_\_\_\_\_\_\_\_\_\_ and managers who do the right things are addressing\_\_\_\_\_\_\_\_\_\_. | Efficiency and Effectivness. |
| What are the four common types of effectiveness MIS metrics: | Usability, Customer satisfaction, conversion rates, and financial |
| What is the process fo continuously measuring system results, comparing those results to optimal system performance, and identifying steps and procedures to improve system performance? | Benchmarking |
| What is drill-down capability? | Enables users to get details, and detail of details, of information. |
| What is slice-and-dice capability? | The ability to look at information from different perspectives. |
| What compiles information from multiple sources and tailors it to meet user needs. | digital dashboard |
| what is a simplified representation or distraction of reality | model |
| What are the three main types of MIS available to support decision making across the company levels? | Transactional Processing Systems; Decision Support Systems; Executive Information Systems |
| What represents the four main DSS analysis techniques? | What-If Analysis, Sensitivity Analysis, Goal-Seeking Analysis, Optimization Analysis |
| Executives of a company deal less with details of the operational activities and deal more with the higher meaningful aggregations of info or "coarser" inf. What refers to the level of detail in the model? | Granularity |
| How does a DDS typically differ from a EIS? | EIS requires data from external sources to support unstructured decisions where a DSS typically uses internal sources to support semistructured decisions |
| \_\_\_\_\_\_\_\_\_ focuses on the extent to which an organization is using its resouces in an optimal way. | EFF |
| Executive info systems are starting to take advantage of \_\_\_\_\_\_\_\_\_to support strategic decision making, by stimulating human thinking and behavior | artificial intelligence. |
| Business Process Modeling or \_\_\_\_\_\_\_\_\_ is the activity of creating a detailed flowchart or process of a work process that shows its inputs, tasks, and activities in a structured sequence | Mapping |
| What is another term used when referring to the web | HTML, Internet |
| What is the Internet protocal Web browsers use to request and display Web pages using universal resource locators? | Hypertext transport protocol (HTTP) |
| What allows user to access the WWW | Web browser |
| Name two types of web browsers | Internet Explorer and Mozilla Firefox |
| What is the depth and breadth of details contained in a piece fo textual, graphic, audio or video? | information richness |
| What is the difference between a business model and an ebusiness model? | A business model details how a company creates, delivers, and generates revenue, and ebusiness model does all the same except on the Internet. |
| What are the four main types of ebusiness models? | Business-to-business; business-to-consumer; consumer-to-business, consumer-to-consumer |
| What is a pure-play business | a business that operates only on the Internet without a physical store. |
| Types of ebusiness include: | Content provider; infomediaries; online marketplace |
| The connecting and communicating tools supporting and driving ebusiness | Email, instant messaging, podcasting, content management systems, and video and web conferencing. |
| The primary ebusiness revenue models consist of: | advertising fees, license fees, subscription fees, transaction fees, value-added services fees |
| Identify four challenges ebusinesses face: | Identifying limited market segments; managing consumer trust; ensuring consumer protection, and adhereing to taxation rules. |
| what is software whose source code is available free for any third party to review and modify | open source |
| What is the difference between asychronous an synchronous communication? | Asynchronous is communication that does not occur at the same time; synchronous communication occurs at the same time. |
| What maps group contacts identifying who knows each other and who works together | social networking analysis |
| Many social media websites use \_\_\_\_\_\_\_ or specific keywords or phrases incorporated into website content for means of classification or taxonomy. | tags |
| Unlike traditional HTML, what lets writers communicate and readers respond on a regular basis through a simple online journal | blog |
| What is the difference between a wiki and a blog | a wiki user can alter the original content of an article, where a blog user can only add information as a comment. |
| What is a website or Web application that uses content from more than source to create a completely new product or service | Mashup |
| An API is a set of routines, protocols,and tools for | building software applications |
| What does digital Darwinism imply? | Organizations taht cannot adapt to the new demands placed on them for surviving in the information age are doomed to extinction |
| Through \_\_\_\_\_\_\_ data companies can observe the extact pattern of a consumers navigation through a site. | click stream |
| A \_\_\_\_\_\_\_\_\_is an online marketing technique where a small file deposited on a hard drive by a website containing information about customers and their browsing activities. | Cookie |
| What is the difference between pirated and counterfeit software? | Pirated is the unauthorized use, duplication, distribution or sale of coyprighted software. Counterfeit is software that is manufactured to look like the real thing and sold as such. |
| What is intangible creative work that is embodied in physical form and includes copyrights, trademarks and patents? | Intellectual property |
| Which act protects investors by improving the accurace and reliability of corporate disclosures? | Sarbanes-Oxley Act |
| What is unsolicited email that plagues employees at all levels and clost email systems? | Spam |
| What type of internet monitoring technique records information abou ta customer during a web surfing sesssion such as what websites were visited and how long the visit was, what ads were viewed and what was purchased? | Clickstream |
| Which of the following is the correct list of the six different types of hackers listed in your text? | Black-hat, cracker, cyberterrorist, hactivits, script kiddies, and white-hat hackers. |
| What is software written with malicious intent to cause annoyance or damage | virus |
| What includes a variety of threats such as viruses, worms, and trojan horses? | Malicious code |
| What is the forging of the return address on an email so that the email message appears to come from someone other than the actual sender. | Spoofing |
| What is a special class of adware that collects data about the user and transmits it over the internet wihtout hte user's knowledge or permission. | Spyware |
| Common forms of viruses include: | backdoor program, worm, trojan-horse viruses |
| What type of virus spread themselves, not just from file to file, but also from computer to computer? | Worm |
| What is one of the most common forms of computer vulnerabilities that can cause massive computer damage | Virus |
| What is it called when a hacker looks through your trash to find personal information? | Dumpster diving. |
| What is the difference between phishing and pharming? | Phishing is a technique to gain personal information for the purpose of identity theft, and pharming reroutes requests for legitimate websites to false websites. |
| How do prevention and resistance technologies stop intruders from accessing and reading sesitive information? | Content filtering, encryption and firewalls |

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?

Chief privacy officer (CPO)

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Which of the following offers an example where Porter's Five Forces are mostly weak and competition is low?

An international hotel chain purchasing milk.

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Imagine you are creating a new product to sell in an up-and-coming market. Which of the following statements indicates that it would be difficult for you to enter this new market?

The threat of new entrants force is low in the up-and-coming market.

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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 \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Cost advantage; product differentiation.

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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?

Game systems like Wii, social networks like Facebook.

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Anne-Marie Cole runs the sales division for a local auto insurance firm. One of her key duties is to calculate her company's market share. When evaluating the prior year numbers, she found that her firm achieved total sales of $3 million and the entire industry had $30 million in sales. What is Anne-Marie's current market share?

10%

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Which industry has been relying on neural network technology for more than two decades?

Finance

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Which of the following is not a feature of a neural network?

Neural networks can analyze linear relationships only.

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What types of business decisions would an EIS use AI for?

Unstructured decisions

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What is the difference between customer-facing processes and business-facing processes?

Customer-facing processes are front-office processes, and business-facing processes are back-office processes.

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What is the primary goal of using As-Is and To-Be process models?

To determine what the problem is and then how to solve the problem

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Which of the following would not be found in a digital dashboard for a manufacturing team?

An Excel spreadsheet with cost analysis data

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Most business processes are cross-functional or cross-departmental processes that span the entire organization. Which of the following does not represent a cross-functional business process?

Processing payroll

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Changing business processes with MIS outlines how to improve the three levels of business processes, which include operational, managerial, and strategic. From operational to strategic, what are the three major improvement strategies that the author describes?

Automation—streamlining—reengineering

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What is the ebusiness model that represents 80% of all online businesses and are typically more complex requiring greater security needs?

Business-to-business

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What do Netflix and Amazon use to drive their recommendation tools?

User generated content

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What are the four main types of ebusiness models?

Business-to-business, business-to-consumer, consumer-to-business, and consumer-to-consumer

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What is the difference between a business model and an ebusiness model?

A business model details how a company creates, delivers, and generates revenue; an ebusiness model does all of the same, except on the Internet.

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An API is a set of routines, protocols, and tools for \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

Building software applications

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What are the two basic functions that social networking sites provide?

The ability to create and maintain a profile that is your online identity and create connections between other people within the network

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Which of the following would not be considered an advantage of ebusiness?

Reducing information reach

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What type of revenue generation model is Google using when it generates revenue by allowing advertisers to bid on common search terms?

Adwords

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Which type of ebusiness model best describes Apple?

Click-and-mortar

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What is the difference between a B2C and a C2B?

B2C focuses on business to consumers, and C2B focuses on consumers to business.

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According to the ethical computer use policy, users should be \_\_\_\_\_\_\_\_\_\_\_\_\_\_ of the rules and, by agreeing to use the system on that basis, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to abide by the rules.

Informed, consent

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Determining what is ethical can sometimes be difficult because certain actions can be justified or condemned, depending on how you view the relationship between \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_\_.

Legal and ethical

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What is a method for confirming users' identities?

Authentication

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eBay is an example of an online company that has been faced with numerous security issues. For example, imagine you purchase a digital camera on eBay. Three months later, you might receive an email asking you to log in to the system to update your credit card or PayPal information. Of course, this email is not actually from eBay, and as soon as you log in, your information will be stolen. What type of information security breach would you consider this to be?

Phishing

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Jensen is a senior developer for HackersRUs, a company that helps secure management information systems. Jensen's new task is to break into the computer system of one of HackersRUs's top clients to identify system vulnerabilities and plug the holes. What type of hacker is Jensen?

White-hat hacker

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Which of the following is the main drawback of biometrics?

It can be costly and intrusive.

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Trust among companies, customers, partners, and suppliers is the support structure of which of the following?

Ebusiness

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Which quadrant in the cost of downtime includes equipment rental, overtime costs, and travel expenses?

Other expenses

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What are the three cloud computing service delivery models?

Infrastructure as a service, software as a service, platform as a service

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When building a scalable system that can support new company developments what are the key factors to consider?

Anticipating expected and unexpected growth

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What might change the way businesses operate, as well as the way people interact with technology?

Cloud computing

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What does the cloud computing service provider "Mozy" specializes in?

Online computer backup services

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According to the text, which of the following does not benefit from smart grid computing?

Comcast Cable's grid

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Which characteristics support an agile MIS infrastructure?

Accessibility, availability, maintainability, portability, reliability, scalability, usability

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Which characteristics support an information MIS infrastructure?

Backup and recovery plan, disaster recovery plan, business continuity plan

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Where would you categorize a cloud computing benefit that allows a customer to store fewer applications on a client computer, which frees up the memory allowing for increases in performance?

Increased performance

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Business Intelligence

info collected from multiple sources such as uppliers, customers, compettiors, partners and industries that analyzes patterns, trends and relationships for strategic decision making

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Knowledge Worker

Someone hired for their ability to interpret and analyze info

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Systems Thinking

- way of monitoring the entire system by viewing multiple inputs being processed or transformed to produce outputs while continuously gathering feedback on each part

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The core drivers of the Information Age

• Data  
• Information  
• Business intelligence  
• Knowledge  
• Data

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Data

Raw facts that describe the characteristics of an event or object

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Information

Data converted into a meaningful and useful context

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What does "Knowledge" describe?

• Enables action  
• Intellectual assets such as patents and trademarks  
• Experience or information that can be communicated or shared  
• The Mental Model we all form through experience, values, and education

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What are the quality attributes of Information Resources?

• Timeliness  
• When you need it  
• Describing the right time period  
• Location (no matter where you are)  
• Form (audio, text, animation, etc)  
• Validity (credibility) --- WikiPedia, OM , Google  
• Lack of any of the above can create GIGO (garbage-in, garbage-out) in a decision-making process

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Management of Information Systems

- 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

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Chief information officer (CIO)

Oversees all uses of IT and ensures the strategic alignment of IT with business goals and objectives

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Chief knowledge officer (CKO)

Responsible for collecting, maintaining, and distributing the organization's knowledge

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Chief privacy officer (CPO)

- Responsible for ensuring the ethical and legal use of information

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Chief security officer (CSO)

Responsible for ensuring the ethical and legal use of information

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Chief technology officer (CTO)

Responsible for ensuring the throughput, speed, accuracy, availability, and reliability of IT

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Competitive intelligence

The process of gathering information about the competitive environment to improve the company's ability to succeed

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Inbound Logistics

Acquires raw materials and resources, and distributes to manufacturing as required

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Value chain analysis

Views a firm as a series of business processes that each add value to the product or service

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Firm Infrastructure

Includes the company format or departmental structures, environment, and systems

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Digital Darwinism

- Implies that organizations which cannot adapt to the new demands placed on them for surviving in the information age are doomed to extinction

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Disruptive technology

- A new way of doing things that initially does not meet the needs of existing customers

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Innovator's Dilemma

discusses how established companies can take advantage of disruptive technologies without hindering existing relationships with customers, partners, and stakeholders

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Where did the internet originate from?

• The Internet began as an emergency military communications system operated by the Department of Defense (DARPA)  
• Gradually the Internet moved from a military pipeline to a communication tool for scientists to businesses

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Hypertext Transport Protocol

The Internet protocol Web browsers use to request and display Web pages using URL - universal resource locator (Sir Tim Berners-Lee: 1990)

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What are the reasons for the growth of the WWW

• Microcomputer revolution (IBM PC: 1981)  
• Advancements in networking  
• Easy browser software  
• Speed, convenience, and low cost of email  
• Web pages easy to create and flexible

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Web 1.0

A term to refer to the WWW during its first few years of operation between 1991 and 2003

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Ebusiness

Includes ecommerce along with all activities related to internal and external business operations

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The Internet's impact on information?

• Easy to compile   
• Increased richness   
• Increased reach   
• Improved content   
• Opening New Markets

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The Long Tail

Refers to the tail of a typically sales curve  
Opening New Markets

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What can Clickstream reveal?

• Number of pageviews  
• Pattern of websites visited  
• Length of stay on a website  
• Date and time visited  
• Number of customers with shopping carts  
• Number of abandoned shopping carts  
• Marketing/Sales  
• Generating revenue on the Internet

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Viral marketing

A technique that induces websites or users to pass on a marketing message

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Ebusiness Forms and Revenue-Generating Strategies?

• Advertising fees (Google)  
• License fees (Media downloads)  
• Subscription fees (consumer rpts.)  
• Transaction fees (credit card processing)  
• Value-added service fees (Telecomm)

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What are EBusiness tools for communicating?

• Email   
• Instant messaging  
• Podcasting  
• Videoconferencing  
• Web conferencing  
• Content management system

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Web 2.0

The next generation of Internet use - a more mature, distinctive communications platform characterized by three qualities  
• Collaboration  
• Sharing  
• Free

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Reputation system

Where buyers post feedback on sellers

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Knowledge management

Involves capturing, classifying, evaluating, retrieving, and sharing information assets in a way that provides context for effective decisions and actions

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Explicit knowledge

Consists of anything that can be documented, archived, and codified, often with the help of IT

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Tacit knowledge

Knowledge contained in people's heads

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Crowdsourcing

the wisdom of the crowd

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Wiki

Collaborative web page that allows users to add, remove, and change content, which can be easily organization and reorganized as required

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Mashup

Website or web application that uses content from more than one source to create a completely new product or service

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Web 3.0

Based on "intelligent" Web applications using natural language processing, machine-based learning and reasoning, and intelligence applications

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Semantic Web

A component of Web 2.0 that describes things in a way that computers can understand

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Egovernment

Involves the use of strategies and technologies to transform government(s) by improving the delivery of services and enhancing the quality of interaction between the citizen-consumer within all branches of government

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Mobile business

The ability to purchase goods and services through a wireless Internet-enabled device

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What is the decision making process?

• Problem id  
• Data collection  
• Solution generation  
• Solution test  
• Solution selections  
• Solution implementation

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Metrics

Measurements that evaluate results to determine whether a project is meeting its goals

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What are the key performance indicators (KPI)?

• Turnover rates of employees (CSF: Product cost)  
• Number of product returns (CSF: Quality)  
• Number of new customers  
• Average customer spending

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What is an example of an External KPI?

• Market share - The portion of the market that a firm captures

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What is an example of an Internal KPI?

• Return on investment (ROI) - Indicates the earning power of a project

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Efficiency MIS metrics

Measure the performance of MIS itself, such as throughput, transaction speed, and system availability

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Effectiveness MIS metrics

Measures the impact MIS has on business processes and activities, including customer satisfaction and customer conversation rates

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Benchmarking

A process of continuously measuring system results, comparing those results to optimal system performance (benchmark values), and identifying steps and procedures to improve system performance

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Model

A simplified representation or abstraction of reality  
Models help managers to  
• Calculate risks  
• Understand uncertainty  
• Change variables  
• Manipulate time to make decisions

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Transaction processing system (TPS)

Basic business system that serves the operational level and assists in making structured decisions

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Online transaction processing (OLTP)

- Capturing of transaction and event information (DATA) using technology to process, store, and update

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Online analytical processing (OLAP)

- Manipulation of Dataàinformation to create business intelligence in support of strategic decision making

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Decision support system (DSS)

- Models information to support managers and business professionals during the decision-making process

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Four quantitative models used by DSSs include...

o What-if analysis  
o Sensitivity analysis  
o Goal-seeking analysis  
o Optimization analysis   
o Managerial Support Systems

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Executive information system (EIS)

A specialized DSS that supports senior level executives within the organization

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Most EISs offering the following capabilities....

• Consolidation  
• Drill-down   
• Slice-and-dice

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What are the five most common categories of AI?

Expert system, Neural Network, Genetic algorithm, Intelligent agent, Virtual Reality

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Expert system

Computerized advisory programs that imitate the reasoning processes of experts in solving difficult problems

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Neural Network (ANN)

Attempts to emulate the way the human brain works  
Fuzzy logic - A mathematical method of handling imprecise or subjective information

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Genetic algorithm

An artificial intelligent system that mimics the evolutionary, survival-of-the-fittest process to generate increasingly better solutions to a problem

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Shopping bot

Software that will search several retailer websites and provide a comparison of each retailer's offerings including price and availability

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Intelligent agent

- Special-purpose knowledge-based information system that accomplishes specific tasks on behalf of its users

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Virtual reality

A computer-simulated environment that can be a simulation of the real world or an imaginary world

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What can Neural Networks do?

• Learn and adjust to new circumstances on their own  
• Take part in massive parallel processing  
• Function without complete information  
• Cope with huge volumes of information  
• Analyze nonlinear relationships

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Genetic algorithm

an artificial intelligence system that mimics the evolutionary, survival-of-the-fittest process to generate increasingly better solutions to a problem

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Customer facing process

- Results in a product or service that is received by an organization's external customer

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Business facing process

- Invisible to the external customer but essential to the effective management of the business

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Business process modeling (or mapping)

A graphic description of a process, showing the sequence of process tasks, which is developed for a specific

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Workflow

Includes the tasks, activities, and responsibilities required to execute each step in a business process

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Business process improvement

Attempts to understand and measure the current process and make performance improvements accordingly

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Automation

The process of computerizing manual tasks

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Streamlining

Improves business process efficiencies by simplifying or eliminating unnecessary steps

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Bottleneck

Occur when resources reach full capacity and cannot handle any additional demands

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Business process reengineering (BPR)

Analysis and redesign of workflow within and between enterprises

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What are the business issues related to ethics?

• Business issues related to information ethics  
o Intellectual property  
o Copyright (fair use doctrine)  
o Pirated Software  
o Counterfeit software

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What are the tools to prevent info misuse?

o info management  
o info governance  
o info compliance  
o Ediscovery

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What are the Epolicies?

o Ethical computer use policy  
o Info privacy policy (FERPA)  
o Acceptable use policy  
o Email privacy policy  
o Social Media policy  
o Workplace monitoring policy

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What are the common computer monitoring techniques?

o Key logger or key trapper software  
o Hardware key logger  
o Cookie  
o Adware  
o Spyware  
o Web log  
o Clickstream

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Downtime

Refers to a period of time when a system is unavailable

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What are the types of hackers?

• White Hat (good) vs Black hat (bad)  
• Cracker  
• Cyber terrorist  
• Hactivist- ie Anonymous  
• Script Kiddies or script bunnies- use tech but don't know it well  
Viruses

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What are the types of viruses?

• Backdoor program  
• Denial-of-service attack (DoS)  
• Distributed denial of service attack (DDos)  
• Polymorphic virus  
• Trojan-horse virus  
• Worm

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What are the security threats caused by hackers and viruses?

• Elevation of privilege  
• Hoaxes  
• Malicious code  
• Packet tampering  
• Sniffer  
• Spoofing  
• Splogs  
• Spyware

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Phishing/Spear phishing

- a technique to gain personal info for the purpose of identity theft, usually by means of fraudulent email

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Pharming

Reroutes requests for legitimate websites to false websites

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Authentication

A method for confirming users' identity

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Authorization

the process of giving someone permission to do or have something

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What are the technologies that help to prevent and build a resistance to attacks?

o Content filtering  
o Encryption  
o Firewalls

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MIS Architecture-

Includes the plans for how a firm will build, deploy, use, and share its data, processes and MIS assets.   
• Hardware• Software  
• Network  
• Client  
• Server

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Hot site

a separate and fully equipped facility where the company can move immediately after a disaster and resume business

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Cold site

- a separate facility that does not have any computer equipment, but is a place where employees can move after a disaster.

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Warm site

- A separate facility with computer equipment that requires installation and configuration

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What are the characteristics of an agile MIS infrastructure?

• Accessibility- what a user can access  
o Admin access- unrestricted  
• Availability  
o High Availability- operational 24/7  
• Maintainability  
• Portability  
• Reliability (of info)  
• Scalability- how well a system can scale up, or adapt to the increased demands of growth  
o Performance- how quickly  
o Capacity planning- Determines future environmental infrastructure requirements to ensure high-quality system performance

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What are the side effects of businesses' expanded use of technology?

• Increased Electronic Waste  
• Increased Energy Consumption  
• Increased Carbon Emissions

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What are the components of a sustainable MIS infrastructure?

• Grid computing- split up to many small computers to answer one big problem.  
• Cloud computing  
• Virtualized computing

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Virtualization

creates multiple "virtual" machines on a single computing device

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Data Center

house management info systems and associated components, such as telecommunications and storage systems

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.   
**TRUE**

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: 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.   
**FALSE**

This is the definition of business intelligence not competitive intelligence.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: 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.   
**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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

4. Technology provides countless business opportunities, but can also lead to pitfalls and traps 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  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

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.   
**FALSE**

Top managers use business intelligence, not social intelligence and profitable not unprofitable.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

8. For an organization to succeed, every department or functional area must work independently to be most effective.   
**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  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

9. Porter's Five Forces Model outlines the process for a sales strategy.   
**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  
Bloom's: Knowledge  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Easy  
Topic Area: The Five Forces Model*

10. 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**

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  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

12. An overview of systems thinking includes input, process, output, and finances.   
**FALSE**

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

13. 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**

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  
Bloom's: Comprehension  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Medium  
Topic Area: The Solution Management Information Systems*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

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

A leadership plan that achieves a specific set of goals or objectives.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

16. When a company is the first to market with a competitive advantage, it gains a particular benefit known as competitive intelligence.   
**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  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

17. Over the past decade the United States has lost an estimated 2.4 million factory jobs to Nepal.   
**FALSE**

Over the past decade the United States has lost an estimated 2.4 million factory jobs to China.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Medium  
Topic Area: Identifying Competitive Advantages*

18. Two ways to reduce buyer power is through switching costs and loyalty programs.   
**TRUE**

Two ways to reduce buyer power is through switching costs and loyalty programs.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

19. Mark Peterson identified the Porter's Five Forces Model which analyzes the competitive forces within a business environment.   
**FALSE**

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

20. 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  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

21. 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  
Bloom's: Knowledge  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Easy  
Topic Area: The Five Forces Model*

22. 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  
Bloom's: Analysis  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Hard  
Topic Area: The Five Forces Model*

23. 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  
Bloom's: Knowledge  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Easy  
Topic Area: The Five Forces Model*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Easy  
Topic Area: The Five Forces Model*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Analysis  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Hard  
Topic Area: The Three Generics Strategies*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

28. Value chain analysis views a firm as a series of business processes that each adds value to 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  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: Value Chain Analysis*

29. A standardized set of activities that accomplish a specific task is called a supply chain component.   
**FALSE**

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: Value Chain Analysis*

30. The value chain will group a company's activities into two categories: primary value activities and support value activities.   
**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  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: Value Chain Analysis*

**Multiple Choice Questions**

31. Which of the following is not considered a core driver of the information age?   
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  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

32. Which of the following is not included as one of Friedman's 10 forces that flattened the world?   
**A.** Systems Thinking.  
B. Outsourcing.  
C. Informing.  
D. Supply Chaining.

The 10 forces are Fall of the Berlin Wall, Netscape IPO, Work flow software, Open sourcing, Outsourcing, Offshoring, Supply chaining, In-sourcing, Informing, and Wireless.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Opening Case Study.*

33. 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

Information technology is everywhere in business.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

34. Which of the following is considered information?   
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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

35. 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

Quantity sold is data.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

36. 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.

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  
Bloom's: Analysis  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Hard  
Topic Area: Competing in the Information Age*

37. 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  
Bloom's: Analysis  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Hard  
Topic Area: Competing in the Information Age*

38. 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  
Bloom's: Analysis  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Hard  
Topic Area: Competing in the Information Age*

39. 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  
Bloom's: Analysis  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Hard  
Topic Area: Competing in the Information Age*

40. 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  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

41. 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?

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

42. 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?

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

43. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

44. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

45. 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.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

46. 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.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

47. Which of the following is not a core driver of the information age?   
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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

48. 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.

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  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

49. 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

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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

50. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

51. 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.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

52. When Friedman describes Globalization 3.0 he discusses 10 forces that \_\_\_\_\_\_\_\_ the world.   
A. Increased the world  
B. Shrunk the world  
C. Prioritized the world  
**D.** Flattened the World

Friedman's 10 Forces That Flattened the World are outlined in his discussion of Globalization 3.0.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Opening Case Study.*

53. 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.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

54. Which of the following is included as one of Friedman's 10 Forces that flattened the world?   
**A.** Wireless technologies.  
B. Global warming impacts.  
C. Social environmental technologies.  
D. Hazardous waste environmental impacts.

The 10 forces are Fall of the Berlin Wall, Netscape IPO, Work flow software, Open sourcing, Outsourcing, Offshoring, Supply chaining, In-sourcing, Informing, and Wireless.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Opening Case Study.*

55. What is data converted into a meaningful and useful context?   
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  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

56. 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

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  
Bloom's: Comprehension  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Medium  
Topic Area: Competing in the Information Age*

57. 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.

Companies today are typically organized by departments or functional areas.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

58. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

59. 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.

Payroll is part of the accounting department.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

60. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

61. 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

Sales needs to rely on information from operations to understand inventory, place orders, and forecast consumer demand.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Medium  
Topic Area: The Challenge Departmental Companies*

62. 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.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

63. 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.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Medium  
Topic Area: The Challenge Departmental Companies*

64. Information technology can enable departments to more efficiently and effectively perform their core \_\_\_\_\_\_\_\_\_\_\_\_.   
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  
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Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Medium  
Topic Area: The Challenge Departmental Companies*

65. The department within a company that records, measures, and reports monetary transactions is called \_\_\_\_\_\_\_\_\_\_\_\_\_\_.   
**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  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

66. 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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

67. 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

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

68. Which of the following represents the relationship between functional areas in a business?   
A. Independent  
B. Autonomous  
**C.** Interdependent  
D. Self-sufficient

Functional areas are interdependent.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

69. 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.

IT is an important enabler of business success and innovation.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

70. 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

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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

71. A system is a collection of parts that link together to \_\_\_\_\_\_\_\_\_\_.   
A. Monitor the company  
B. Gather experience  
**C.** Achieve a common purpose  
D. Implement solutions

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

*AACSB: Reflective Thinking  
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Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

72. Which of the following does not offer a good example of a system?   
A. A car.  
B. A laptop.  
C. The light-rail tram.  
**D.** A pencil.

A system is a collection of parts that link to achieve a common purpose. A pencil does not link together to achieve a common purpose.

*AACSB: Reflective Thinking  
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Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

73. 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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

74. 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  
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Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

75. 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  
Bloom's: Comprehension  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Medium  
Topic Area: The Solution Management Information Systems*

76. 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).

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

*AACSB: Reflective Thinking  
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Bloom's: Comprehension  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Medium  
Topic Area: The Solution Management Information Systems*

77. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

78. 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).

The Chief knowledge officer (CKO) is responsible for collecting, maintaining, and distributing company knowledge.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

79. 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.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

80. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

81. 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).

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  
Bloom's: Comprehension  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Medium  
Topic Area: The Solution Management Information Systems*

82. 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.

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  
Bloom's: Comprehension  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Medium  
Topic Area: The Solution Management Information Systems*

83. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

84. 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

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  
Bloom's: Comprehension  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Medium  
Topic Area: The Solution Management Information Systems*

85. 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.

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  
Bloom's: Comprehension  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Medium  
Topic Area: The Solution Management Information Systems*

86. 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).

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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

87. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

88. 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.

The inputs for a washing machine include the dirty clothes, water, and detergent.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

89. If you were thinking about a washing machine as a system which of the following represents the process?   
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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

90. If you were thinking about a washing machine as a system which of the following represents the feedback?   
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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

91. 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.

The output for a washing machine includes clean clothes.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

92. 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.

The input for an oven includes the uncooked food.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

93. 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.

The output for an oven includes the cooked food.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

94. If you were thinking about an oven as a system which of the following represents the process?   
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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

95. 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.

The feedback for an oven includes a light indicating that the oven has reached the preheated temperature.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

96. 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.

A home theater system requires inputs of the DVD player, DVD movie, speakers, TV, and electricity.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

97. 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.  
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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

98. If you were thinking about a home theater system which of the following represents the process?   
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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

99. If you were thinking about a home theater system which of the following represents the feedback?   
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  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

100. 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.

Ways that companies duplicate competitive advantages include acquiring new technology, copying the business operations, and hiring away key employees.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Medium  
Topic Area: Identifying Competitive Advantages*

101. 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

Fist-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  
Bloom's: Analysis  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Hard  
Topic Area: Identifying Competitive Advantages*

102. 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

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  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

103. 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

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  
Bloom's: Comprehension  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Medium  
Topic Area: Identifying Competitive Advantages*

104. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

105. Identifying competitive advantages can be difficult and explains why they are typically \_\_\_\_\_\_.   
**A.** Temporary.  
B. Satisfactory.  
C. Terminated.  
D. Unsuccessful.

Competitive advantages are typically temporary.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

106. 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

Updating business strategies is a continuous undertaking as internal and external environments rapidly change.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Medium  
Topic Area: Identifying Competitive Advantages*

107. 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.

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  
Bloom's: Comprehension  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Medium  
Topic Area: Identifying Competitive Advantages*

108. 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.

This is the definition of competitive advantage.

*AACSB: Reflective Thinking  
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Bloom's: Comprehension  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

109. 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

A competitive analysis model is not discussed in this text.

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Level: Easy  
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110. 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.

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111. 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  
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Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

112. 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

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.

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113. 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.

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.

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Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Hard  
Topic Area: Identifying Competitive Advantages*

114. 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

A competitive advantage features a product or service on which customers place a greater value than they do on similar offerings from competitors.

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Level: Easy  
Topic Area: Identifying Competitive Advantages*

115. 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.

Victory Wireless is attempting to decrease buyer power by offering products at a lower price or competing on price.

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Hard  
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116. 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

Ways that companies duplicate competitive advantages include acquiring the new technology, copying business processes, and hiring away employees.

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117. 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.

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Topic Area: Identifying Competitive Advantages*

118. 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  
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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Hard  
Topic Area: The Five Forces Model*

119. 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.

In figure 1.8, Porter's five forces model outlines rivalry amongst existing competitors, the power of competitors.

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Level: Easy  
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120. 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.

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.

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Level: Hard  
Topic Area: The Five Forces Model*

121. 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.

Switching costs is Costs that make customers reluctant to switch to another product or service.

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122. 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.

One way to reduce buyer power is with a loyalty program which is a program to reward customers based on their spending.

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123. 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.

Supply chain includes all parties involved, directly or indirectly, in obtaining raw materials or a product.

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Level: Easy  
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124. 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.

In a typical supply chain, a company will be both a supplier and a customer.

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125. 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

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.

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126. 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.

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).

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
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127. 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.

Using MIS to find alternative products is one way of decreasing supplier power.

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128. 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.

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.

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Level: Medium  
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129. When buyer power is low, supplier power is typically \_\_\_\_\_.   
A. Identical  
**B.** High  
C. Low  
D. Unstable

When buyer power is low, supplier power is typically high.

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
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130. 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.

One way a company can reduce the threat of substitute products or services is to offer additional value through wider product distribution.

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Level: Medium  
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131. 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.

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.

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Level: Easy  
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132. 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.

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.

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Level: Hard  
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133. 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.

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.

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Level: Easy  
Topic Area: The Five Forces Model*

134. 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.

A traditional business supply chain operates like this: supplier-company-customers.

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135. 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.

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136. 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.

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137. 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.

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Level: Medium  
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138. 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.

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.

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139. 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.

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.

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140. 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.

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
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141. 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.

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

142. 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.

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143. 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.

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
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144. 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.

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145. 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?   
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.

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

146. 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.

Zevia Natural Diet Soda represents a new entrant in the soft drink industry.

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Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
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147. 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.

Vitamin water, fruit juice, or coffee are all substitute products to a soft drink.

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Level: Medium  
Topic Area: The Five Forces Model*

148. 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.

The rivalry between Coke and Pepsi is famous in the soft drink industry.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

149. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

150. 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 nor 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  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

151. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

152. 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

The three strategies proposed by Porter are 1) broad cost leadership, 2) broad differentiation, and 3) focused strategy.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

153. 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.

The Museum Company competes using a narrow market and high cost focus.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Analysis  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Hard  
Topic Area: The Three Generics Strategies*

154. 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

According to Porter broad markets should utilize cost leadership with a low cost and differentiation with a high cost.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

155. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

156. 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

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  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

157. 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

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  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

158. 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.

Amazon.com competes by offering a broad range of differentiated products at low prices.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Analysis  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Hard  
Topic Area: The Three Generics Strategies*

159. 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.

Focused strategies versus broad strategies is synonymous to niche market versus large markets.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

160. 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.

Southwest, Horizon, Frontier, and JetBlue all use cost leadership business strategies.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

161. 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.

British Airways, Singapore Airlines, and Virgin Atlantic all compete using differentiation strategies.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

162. 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.

Sky Taxi is using a focused-strategy targeting individuals that want to hire private planes.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

163. 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.

The service activity within the primary value activities will provide customer support after the sale of goods and services.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

164. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

165. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

166. What is a standardized set of activities that accomplishes a specific task?   
A. Business strategy.  
B. Business outcome.  
**C.** Business process.  
D. Knowledge process.

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

167. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

168. 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

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  
Bloom's: Comprehension  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Medium  
Topic Area: Value Chain Analysis*

169. 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.

The value chain groups a firm's activities into two categories, primary value activities, and support value activities.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

170. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

171. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

172. 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.

Human resource management provides employee training, hiring, and compensation.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

173. 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.

Outbound logistics distributes goods and services to customers.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Analysis  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Hard  
Topic Area: Value Chain Analysis*

174. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

175. 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.

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  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

176. 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.

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  
Bloom's: Comprehension  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Medium  
Topic Area: Value Chain Analysis*

177. 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  
Bloom's: Analysis  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Hard  
Topic Area: Value Chain Analysis*

178. 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  
Bloom's: Analysis  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Hard  
Topic Area: Value Chain Analysis*

**Fill in the Blank Questions**

179. A \_\_\_\_\_\_\_\_\_\_\_\_ is the confirmation or validation of an event or object.   
**Fact**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

180. The core drivers of the information age are data, knowledge, business intelligence and \_\_\_\_\_\_\_\_\_\_\_\_.   
**Information**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

181. Today's workers are commonly referred to as \_\_\_\_\_\_\_\_\_\_\_\_\_ workers who use business intelligence along with personal experience to make decisions.   
**Knowledge**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

182. Top managers use \_\_\_\_\_\_\_\_\_\_ intelligence to define the future of the business, analyzing markets, industries, and economies.   
**Business**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Easy  
Topic Area: Competing in the Information Age*

183. Companies are organized by departments. The \_\_\_\_\_\_\_\_\_\_ department is responsible for maintaining records, measures, and reports monetary transactions.   
**Accounting**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

184. The \_\_\_\_\_\_\_\_\_\_ management department in a company manages the process of converting or transforming of resources into goods or services.   
**Operations**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

185. The \_\_\_\_\_\_\_\_\_\_ department tracks strategic financial issues including money, banking, credit, investments, and assets.   
**Finance**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

186. The \_\_\_\_\_\_\_\_\_\_ resources department maintains policies, plans, and procedures for a company.   
**Human**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Easy  
Topic Area: The Challenge Departmental Companies*

187. \_\_\_\_\_\_\_\_\_\_\_\_ is information that returns to its original transmitter and modifies the transmitter's actions.   
**Feedback**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

188. A \_\_\_\_\_\_\_\_\_\_ is a collection of parts that link to achieve a common purpose.   
**System**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

189. A \_\_\_\_\_\_\_\_\_\_ strategy is a leadership plan that achieves a specific set of goals or objectives.   
**Business**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

190. The Chief Information Officer is responsible for overseeing all uses of MIS and ensuring that MIS strategically aligns with \_\_\_\_\_\_\_\_\_ goals and objectives.   
**Business**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

191. The Chief Security Officer is responsible for ensuring the \_\_\_\_\_\_\_\_\_\_ of business systems and developing strategies and safeguards against attacks by hackers and viruses.   
**Security**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-03 Explain systems thinking and how management information systems enable business communications.  
Level: Easy  
Topic Area: The Solution Management Information Systems*

192. Business strategies that match \_\_\_\_\_\_\_ company competencies to opportunities result in a competitive advantage.   
**Core**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

193. 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.   
**Intelligence**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

194. Apple utilized the first-mover \_\_\_\_\_\_\_\_ with its iPod product.   
**Advantage**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-04 Explain why competitive advantages are temporary.  
Level: Easy  
Topic Area: Identifying Competitive Advantages*

195. Michael Porter identified pressures that can hurt potential sales. Knowledgeable customers can force \_\_\_\_\_\_\_\_\_\_ prices by pitting rivals against each other.   
**Down**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

196. The Porter's Five Forces Model analyzes the competitive forces within the environment in which a company operates to assess the potential for \_\_\_\_\_\_\_\_\_\_ in an industry.   
**Profitability**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

197. \_\_\_\_\_\_\_\_\_\_ power measures the ability of buyers to affect the price they must pay for an item.   
**Buyer**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Easy  
Topic Area: The Five Forces Model*

198. 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  
Bloom's: Comprehension  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Medium  
Topic Area: The Five Forces Model*

199. The \_\_\_\_\_\_\_\_\_\_ chain consists of all parties involved, directly or indirectly, in obtaining raw materials or a product.   
**Supply**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Easy  
Topic Area: The Five Forces Model*

200. 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  
Bloom's: Knowledge  
Learning Objective: 01-05 Describe Porter's Five Forces Model and explain each of the five forces.  
Level: Easy  
Topic Area: The Five Forces Model*

201. Porter has identified three \_\_\_\_\_\_\_\_\_ business strategies for entering a new market: 1) broad cost leadership, 2) broad differentiation, and 3) focused strategy.   
**Generic**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

202. Focused strategies concentrate on either cost leadership or \_\_\_\_\_\_\_\_\_\_.   
**Differentiation**

Focused strategies concentrate on either cost leadership or differentiation.

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Easy  
Topic Area: The Three Generics Strategies*

203. Porter suggests adopting only \_\_\_\_\_\_\_\_\_\_ of the three generic strategies.   
**One**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Comprehension  
Learning Objective: 01-06 Compare Porter's three generic strategies.  
Level: Medium  
Topic Area: The Three Generics Strategies*

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

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

205. \_\_\_\_\_\_\_\_\_\_ 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.   
**Primary**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

206. \_\_\_\_\_\_\_\_\_\_\_ 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.   
**Support**

*AACSB: Reflective Thinking  
AACSB: Technology  
Bloom's: Knowledge  
Learning Objective: 01-07 Demonstrate how a company can add value by using Porter's value chain analysis.  
Level: Easy  
Topic Area: Value Chain Analysis*

**Essay Questions**

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

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  
Bloom's: Analysis  
Learning Objective: 01-01 Describe the information age and the differences among data; information; business intelligence; and knowledge.  
Level: Hard  
Topic Area: Competing in the Information Age*

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

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  
Bloom's: Analysis  
Learning Objective: 01-02 Identify the different departments in a company and why they must work together to achieve success.  
Level: Hard  
Topic Area: The Challenge Departmental Companies*

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