02

Student: _____

1. When an organization uses information technology to develop products, services and capabilities in order to gain a strategic advantage over competitive forces in the global marketplace, it is using information systems in a *strategic* role.
   True   False

2. Competition is a negative characteristic in business that can require significant resources to overcome.
   True   False

3. Most products and services have some sort of substitute available to the consumer.
   True   False

4. In the Internet world, a firm's biggest competitor may be one that is not yet in the marketplace but could emerge almost overnight.
   True   False

5. The threat of *new entrants* is often at its strongest during periods of rising costs or inflation.
   True   False

6. If a key supplier's bargaining power gets too strong, it can force the price of goods and services to unmanageably high levels.
   True   False

7. An *innovation* strategy may allow a firm to focus its products or services and gain an advantage in a particular segment or niche of a market.
   True   False

8. When a firm develops ways to differentiate its products from a competitor's, it is pursuing a *cost leadership* strategy.
   True   False

9. When a firm uses IT to create virtual organizations of business partners, it is pursuing a *growth* strategy.
   True   False

10. A given activity can fall into one or more of the categories of competitive strategy.
    True   False

11. If an organization offers its online package tracking system in a manner that allows its customers to access shipment information not only via a computer, but via a mobile phone as well, then such an action could fall into both the differentiation and innovation strategy categories.
    True   False

12. When a firm makes such radical changes to its business processes for producing products and services that it alters the fundamental structure of an industry, it is pursuing an *innovation* strategy.
    True   False

13. Not everything innovative will serve to differentiate one organization from another.
    True   False

14. Investments in information technology can allow a business to lock in customers and suppliers, and lock out competitors, by building valuable new relationships with them.
    True   False

15. Companies like Wal-Mart use information technology to implement competitive strategies for strategic advantage.
True   False

16. When a business effectively builds in switching costs, its customers and/or suppliers become reluctant to switch to another competitor.
True   False

17. A strategic use of information technology would be to leverage investment in information system specialists, hardware, software, databases, and networks from operational uses into strategic applications.
True   False

18. A company that places a strategic focus on customer value recognizes that quality, rather than price, has become a primary determinant in a customer's perception of value.
True   False

19. Companies that consistently offer the best value from the customer's perspective must provide two key services: keeping track of their individual customers' preferences and selling products or services at lowest price.
True   False

20. Internet technologies can make customers the focal point of customer relationship management (CRM) and other e-business applications.
True   False

21. The value chain framework can be used to view a firm as a series, a chain, or a network of basic activities that add value to its products and services, and thus add a margin of value to the firm.
True   False

22. According to the value chain concept, primary processes include such things as the procurement of resources and human resource management that are directly related to the manufacturing of products or delivery of services to the customer.
True   False

23. When using the value chain concept, managers should seek to develop strategic information systems for those activities that they view as the "weakest link" in the value chain.
True   False

24. The value chain concept can help managers decide where and how to apply the strategic capabilities of information technology.
True   False

25. Business process reengineering (BPR) is most often called streamlining.
True   False

26. Although the potential payback of reengineering is high, so is the risk of failure and level of disruption to the organizational environment of the firm.
True   False

27. Business process reengineering (BPR) combines a strategy of *promoting business innovation* with a strategy of *making major improvements to business operations* so that a company can become a much stronger and more successful competitor in the marketplace.
True   False

28. Many companies have found that organizational redesign approaches are an important enabler of business process reengineering.
True   False

29. All the employees within a marketing department, from clerical staff to top managers, form a cross-functional team.
    True   False

30. Information technology plays a major role in the business process reengineering of most business processes.
    True   False

31. Becoming an agile company depends on customer perceptions of products and services, as much as any other strategy.
    True   False

32. An agile company cooperates with its suppliers and competitors.
    True   False

33. By nurturing an entrepreneurial spirit, an agile company provides powerful incentives for employee responsibility, adaptability, and innovation.
    True   False

34. Information technology can enable a company to develop relationships with its customers in virtual communities.
    True   False

35. Yahoo! transformed its service from a search engine into a portal by dedicating one branch of its business to providing content and other media-related services.
    True   False

36. One of the reasons people form virtual companies is to keep new entrants out of a market.
    True   False

37. Knowledge-creating companies constantly create new business knowledge and then disseminate it throughout the company in order to quickly build the new knowledge into their products and services.
    True   False

38. Explicit knowledge involves the "how-to" knowledge that resides in workers.
    True   False

39. Successful knowledge management creates *techniques*, *technologies*, and *rewards* for getting employees to share what they know and to make better use of accumulated workplace knowledge.
    True   False

40. As an organization's learning process continues and its knowledge base expands, the knowledge creating company works to integrate its knowledge into its *business processes*, *products*, and *services*.
    True   False

41. A strategic information system can be any kind of information system that uses information technology to help an organization _____.
    A. gain a competitive advantage
    B. reduce a competitive disadvantage
    C. meet strategic enterprise objectives
    D. all of the choices are correct.

42. A firm can survive and succeed in the long run if it successfully develops strategies to confront the _____ that shape the structure of competition in its industry.
    A. technological innovations
    B. competitive business processes
    C. competitive forces
    D. competitive strategies

43. A(n) _____ strategy is a competitive strategy by which a firm seeks to become a low-cost producer of products and services in the industry.
    A. cost leadership
    B. differentiation
    C. innovation
    D. alliance

44. A(n) _____ strategy is a competitive strategy by which a firm develops ways to differentiate its products and services from those of its competitors.
    A. low cost leadership
    B. innovation
    C. differentiation
    D. growth

45. A(n) _____ strategy is a competitive strategy by which a firm develops unique products or services from those of its competitors, or makes radical business changes that may alter the fundamental nature of the industry.
    A. alliance
    B. growth
    C. differentiation
    D. innovation

46. A(n) _____ strategy is a competitive strategy by which a firm significantly expands its capacity to produce goods and services, expanding and diversifying in the market.
    A. alliance
    B. growth
    C. differentiation
    D. innovation

47. A(n) _____ strategy is a competitive strategy by which a firm establishes new business linkages with customers, suppliers, competitors, and other companies.
    A. growth
    B. low cost leadership
    C. differentiation
    D. alliance

48. According to the text, competition is a _____ characteristic in business that _____.
    A. positive, is natural and healthy
    B. negative, can consume significant resources
    C. neutral, can help a firm meet strategic enterprise objectives
    D. none of the choices are correct.

49. According to the text, in the world of the Internet, a firm's biggest competitor:
    A. Usually exists and is close in the physical world
    B. Usually does not exist but will emerge close in the physical world
    C. May not yet exist but could emerge almost overnight
    D. Probably exists in an overseas location

50. According to the text, the Internet:
    A. Has limited competition world-wide
    B. Has created many ways to enter the market quickly, with relatively low cost
    C. Has created new entry barriers to competition
    D. Has decreased prices world-wide

51. Which of the following is a competitive strategy?
    A. New entries into the market
    B. Innovation
    C. Bargaining power
    D. Substitutes

52. All the following are competitive strategies *except*:
    A. New entries into the market
    B. Innovation
    C. Cost leadership
    D. Alliances

53. All of the following can be used to counter competitive forces in the marketplace *except*:
    A. Alliances
    B. Growth
    C. Innovation
    D. Bargaining

54. All of the following are competitive forces in the marketplace *except*:
    A. Alliances
    B. Competition
    C. Substitutes
    D. Bargaining

55. Which of the following is a competitive force in the marketplace?
    A. Cost leadership
    B. Competition
    C. Differentiation
    D. Alliances

56. Developing a relationship with a customer such that the customer cannot afford to switch suppliers is an example of:
    A. Monopolistic enterprise
    B. Locking in the customer
    C. Growth strategies
    D. None of the above is correct

57. The practice of becoming the largest purchaser of products from a given supplier is an example of:
    A. Cost leadership
    B. Growth strategies
    C. Differentiation
    D. Locking in the supplier

58. Becoming a low-cost producer of products and services in an industry is an example of a(n):
    A. Cost leadership strategy
    B. Differentiation strategy
    C. Innovation strategy
    D. Growth strategy

59. All of the following are basic competitive forces discussed in the text *except*:
    A. Rivalry of competitors
    B. Threat of substitutes
    C. Bargaining power of suppliers
    D. Bargaining power of competitors

60. All of the following are basic competitive strategies discussed in the text *except*:
    A. Cost leadership
    B. Innovation
    C. Product differentiation
    D. Strategic dominance

61. Expanding a company's product offering into global markets is an example of a(n) _____ strategy.
    A. cost leadership
    B. differentiation
    C. growth
    D. alliance

62. Investments in information technology that build valuable new relationships allow a firm to:
    A. Lock in the supplier
    B. Lock in the customer
    C. Lock out competition
    D. All the above

63. In addition to the five basic competitive strategies, the text describes several key strategies implemented with information technology. Which of the following is *not* one of those strategies?
    A. Locking in customers
    B. Building switching costs
    C. Creating alliances
    D. Raising barriers to entry

64. Using an information system to make customers and/or suppliers reluctant to change to another competitor is called:
    A. Growth strategy
    B. Building switching costs
    C. Creating alliances
    D. Raising barriers to entry

65. When a firm develops ways to differentiate their products and services from their competitors', it is pursuing a _____ strategy.
    A. differentiation
    B. alliance
    C. innovation
    D. marketing

66. A sales company such as eBay would be most likely to use information technology to promote _____.
    A. online stock trading
    B. point-of-sale inventory tracking
    C. online auctions
    D. virtual manufacturing alliances

67. When a firm strives to find ways to help its suppliers and customers reduce their costs or to increase the costs of their competitors, it is pursuing a strategy of _____.
    A. innovation
    B. alliance
    C. cost leadership
    D. growth

68. When customers become dependent on mutually beneficial inter-enterprise information systems, they become reluctant to switch to a company's competitors because they would incur all following costs *except*:
    A. Time
    B. Money
    C. Innovation
    D. Effort

69. Companies like Wal-Mart extend their networks to their customers and suppliers in order to build innovative continuous inventory replenishment systems that would lock in their business. This creates a(n) _____ information system.
    A. leveraged
    B. inter-enterprise
    C. intra-enterprise
    D. locked-in

70. A serious problem of competitive advantage is that:
    A. It normally doesn't last very long and it isn't sustainable over the long term
    B. Competitors figure out how it was done and do the same thing
    C. A competitive advantage can become a competitive necessity
    D. All of the choices are correct.

71. A company that places a strategic focus on customer value recognizes that _____, rather than _____, has become a primary determinant in a customer's perception of value.
    A. service, price
    B. price, quality
    C. quality, service
    D. quality, price.

72. Companies that consistently offer the best value from the customer's perspective do all the following, *except*:
    A. Keep track of their customers' individual preferences
    B. Keep up with market trends
    C. Supply products, services, and information anytime, anywhere
    D. Offer lowest prices and fastest delivery

73. A customer-focused business can build customer value and loyalty by:
    A. Making a loyal customer feel special with website personalization
    B. Letting customers place orders directly, or through distribution partners
    C. Letting customers check order history and delivery status
    D. All of the choices are correct.

74. A transaction database allows all of the following activities *except*:
    A. Linking employees and distribution partners to customers
    B. Letting customers check order history
    C. Giving employees a complete view of each customer
    D. None of these activities are supported by a transaction database.

75. According to the textbook case, innovation in information systems at Universal Orlando comes from thinking like a:
    A. Customer
    B. Competitor
    C. Employee
    D. IT specialist

76. The value chain framework can be used to view a firm as a series, a chain, or a network of basic activities that:
    A. Add value to its products and services, and thus add a margin of value to the firm.
    B. Lower costs along the product development chain.
    C. Create the perception of value and goodwill to employees.
    D. Create a smooth-flowing chain of events between the supplier and the customer.

77. Which of the following is a primary business process?
    A. Collaborative workflow intranet
    B. Targeted marketing
    C. Technology development
    D. Procurement of resources

78. All of the following are primary business processes, *except*:
    A. Customer relationship management
    B. Targeted marketing
    C. Technology development
    D. Just-in-time warehousing

79. Which of the following is a support process?
    A. Collaborative workflow intranet
    B. Targeted marketing
    C. Customer relationship management
    D. Just-in-time warehousing

80. All of the following are support processes, *except*:
    A. Customer relationship management
    B. Procurement of resources
    C. Technology development
    D. Employee benefits intranet

81. Business process reengineering is best defined as:
    A. A key technology to reduce customer late payments
    B. A radical redesign of business processes to achieve improvements in cost, quality, speed, or service
    C. A key way to ensure successful improvement in processing
    D. All of the choices are correct.

82. Business process reengineering (BPR) is often referred to as:
    A. Streamlining
    B. Reengineering
    C. Quickening
    D. None of the choices are correct.

83. Business process reengineering (BPR) incorporates all the following strategies, *except*:
    A. Lowering prices as a competitive strategy
    B. Promoting business innovation
    C. Making major improvements to business operations
    D. None of the choices are correct.

84. Traditional business improvement includes:
    A. Top-down participation
    B. Long time requirements
    C. Brand new business processes
    D. Incremental levels of change

85. Business process engineering includes:
    A. Bottom-up participation
    B. Short time requirements
    C. Improved new versions of current processes
    D. Radical levels of change

86. Traditional business improvement includes all the following, *except*:
    A. Bottom-up participation
    B. Short time requirements
    C. Improved new versions of current processes
    D. Radical levels of change

87. Business process redesign includes all the following, *except*:
    A. Top-down participation
    B. Long time requirements
    C. Brand new business processes
    D. Incremental levels of change

88. Organizations are changing from a competitive environment in which mass-market products and services were standardized, long-lived, information-poor, and exchanged in one-time transactions to an environment in which companies compete globally with niche-market products and services that are

    _____.
    A. individualized
    B. short-lived
    C. exchanged on an ongoing basis with customers
    D. All the choices are correct.

89. An agile company supports all the following *except*:
    A. Short-lived products and services
    B. Standardized products and services
    C. Information-rich products and services
    D. Niche market products and services

90. _____ agility is the ability to co-opt customers in the exploitation of innovation opportunities.
    A. Customer
    B. Partnering
    C. Operational
    D. Technological

91. _____ agility is the ability to leverage assets, knowledge, and competencies in the exploration and exploitation of innovation opportunities.
    A. Customer
    B. Partnering
    C. Operational
    D. Technological

92. _____ agility is the ability to accomplish speed, accuracy, and cost economy in the exploitation of innovation opportunities.
    A. Customer
    B. Partnering
    C. Operational
    D. Technological

93. Which of the following is *not* a strategy of a virtual company?
    A. Share infrastructure and risk with alliance partners
    B. Link complementary core competencies
    C. Migrate from selling products to selling solutions
    D. Increase concept-to-case time

94. Explicit knowledge deals with:
    A. Data, documents, and things written down or stored on computers.
    B. "How-to" knowledge, which resides in workers.
    C. Using data mining techniques to capture external information.
    D. All of the choices are correct.

95. Tacit knowledge deals with:
    A. Data, documents, and things written down or stored on computers.
    B. "How-to" knowledge, which resides in workers.
    C. Using data mining techniques to capture external information.
    D. None of the choices are correct.

96. Accessing and retrieving documents that have been stored online is a function of _____.
    A. document management
    B. enterprise intelligence
    C. information creation, sharing, and management
    D. All of the choices are correct.

97. Real-time information management, communication, and collaboration are a function of _____.
    A. document management
    B. enterprise intelligence
    C. information creation, sharing, and management
    D. All of the choices are correct.

98. Performance support, building expert networks, and leveraging organizational know-how are a function of _____.
    A. document management
    B. enterprise intelligence
    C. information creation, sharing, and management
    D. All of the choices are correct.

99. The goal of knowledge management systems (KMS) is to help knowledge workers _____ important business knowledge.
    A. create
    B. organize
    C. distribute
    D. All of the choices are correct.

100. According to the textbook case, the Matter Page System at Goodwin Proctor increases efficiency of their attorneys by.
    A. Separating the client billing, documents, and contact data
    B. Enabling the attorneys to launch more than one application at a time to find information
    C. Requiring the attorneys to spend more time researching their cases
    D. Pulling all the client billing, documents and contact data into a single "one-stop-shop" for users

101. A firm can survive and succeed in the long run if it successfully develops strategies to confront the five _____ forces that shape the structure of competition in its industry.
    _____

102. When an organization uses information technology to develop products, services and capabilities in order to gain a strategic advantage over competitive forces in the global marketplace, it is using information systems in a _____ role.
    _____

103. The competitive threat of _____ is often at its strongest during periods of rising costs or inflation.
    _____

104. A _____ strategy is a competitive strategy by which a firm seeks to become a low-cost producer of products and services in the industry.

_____

105. When using a(n) _____ strategy, a firm seeks to find new ways of producing or distributing its products and services that are so different from the way business has been conducted that they may alter the fundamental structure of the industry.

_____

106. _____ are the costs in time, money, effort, and inconvenience that it would take a customer or supplier to move its business to a firm's competitors.

_____

107. If a company has successfully increased the amount of investment or the complexity of the technology required to compete in an industry or a market segment, it has raised _____ that would discourage or delay other companies from entering the market.

_____

108. Although large investments in technology can create entry barriers for present or prospective players in an industry, the barriers can evaporate over time as competitors employ the new technologies. This is an example of IT becoming a competitive _____.

_____

109. When a strategy or action becomes a(n) _____, it means that instead of creating an advantage, the strategy or action becomes necessary simply to compete and do business in the industry.

_____

110. A customer-focused business has a strategic focus on customer _____, which recognizes that quality rather than price has become the primary determinant in a customer's perception of value.

_____

111. In the _____ concept, some business activities are primary processes while others are support processes.

_____

112. According to the value chain concept, _____ processes within the organization would include human resources management and technology development.

_____

113. _____ is defined as the restructuring and transforming of a business process by a fundamental rethinking and radical redesign to achieve improvements in costs, quality, speed, and service.

_____

114. Many companies have found that organizational _____ approaches are an important enabler of business process re-engineering.

_____

115. A(n) _____ company can make a profit in markets with broad product ranges and short model lifetimes, and it can produce orders individually and in arbitrary lot sizes.

_____

116. A _____ company can be defined as an organization that uses telecommunications networks and other information technology to link people, assets, and ideas.

_____

117. Virtual companies develop alliances and extranet links that form _____ information systems with suppliers, customers, subcontractors, and competitors.

_____

118. People and corporations are forming virtual companies as the best way to implement key business strategies and alliances that promise to ensure success in today's turbulent _____ climate.

_____

119. The concept of _____-management refers to organizing and sharing the diverse forms of business information created within an organization. This includes managing project and enterprise document libraries, discussion databases, hypermedia web site databases, and other types of knowledge bases.

_____

120. _____ knowledge deals with "how-to" knowledge, which resides in workers.

_____

121. _____ knowledge is made up of data, documents, and things written down.

_____

122. Enterprise Intelligence, Information Creation, Sharing, and Management, and Document Management are the three levels of _____.

_____

123. Leveraging organizational "know-how", performance support, interacting with operational databases, and building expert networks are part of the _____ level of knowledge management.

_____

124. Capturing and distributing expert stories, real-time information management, communication and collaboration, and new content creation are part of the _____ level of knowledge management.

_____

125. Accessing and retrieving documents stored online are part of the _____ level of knowledge management.

_____

02 Key

1. When an organization uses information technology to develop products, services and capabilities in order to gain a strategic advantage over competitive forces in the global marketplace, it is using information systems in a *strategic* role.
(p. 46)
TRUE

2. Competition is a negative characteristic in business that can require significant resources to overcome.
(p. 49)
FALSE

Although competition can require significant resources, it is a positive characteristic in business that is natural and healthy.

3. Most products and services have some sort of substitute available to the consumer.
(p. 49) **TRUE**

4. In the Internet world, a firm's biggest competitor may be one that is not yet in the marketplace but could emerge almost overnight.
(p. 49)
TRUE

5. The threat of *new entrants* is often at its strongest during periods of rising costs or inflation.
(p. 49) **FALSE**

The threat of **substitutes** is often at its strongest during periods of rising costs or inflation.

6. If a key supplier's bargaining power gets too strong, it can force the price of goods and services to unmanageably high levels.
(p. 49)
TRUE

7. *(p. 50)* An *innovation* strategy may allow a firm to focus its products or services and gain an advantage in a particular segment or niche of a market.
FALSE

A **differentiation** strategy may allow a firm to focus its products or services and gain an advantage in a particular segment or niche of a market.

8. *(p. 50)* When a firm develops ways to differentiate its products from a competitor's, it is pursuing a *cost leadership* strategy.
FALSE

When a firm develops ways to differentiate its products from a competitor's, it is pursuing a **differentiation** strategy.

9. *(p. 50)* When a firm uses IT to create virtual organizations of business partners, it is pursuing a *growth* strategy.
FALSE

When a firm uses IT to create virtual organization of business partners, it is pursuing an **alliance** strategy.

10. *(p. 50)* A given activity can fall into one or more of the categories of competitive strategy.
TRUE

11. *(p. 50)* If an organization offers its online package tracking system in a manner that allows its customers to access shipment information not only via a computer, but via a mobile phone as well, then such an action could fall into both the differentiation and innovation strategy categories.
TRUE

12.
(p. 50)
When a firm makes such radical changes to its business processes for producing products and services that it alters the fundamental structure of an industry, it is pursuing an *innovation* strategy.
TRUE

13.
(p. 50)
Not everything innovative will serve to differentiate one organization from another.
TRUE

14.
(p. 50)
Investments in information technology can allow a business to lock in customers and suppliers, and lock out competitors, by building valuable new relationships with them.
TRUE

15.
(p. 51)
Companies like Wal-Mart use information technology to implement competitive strategies for strategic advantage.
TRUE

16.
(p. 52)
When a business effectively builds in switching costs, its customers and/or suppliers become reluctant to switch to another competitor.
TRUE

17.
(p. 52)
A strategic use of information technology would be to leverage investment in information system specialists, hardware, software, databases, and networks from operational uses into strategic applications.
TRUE

18.
(p. 54)
A company that places a strategic focus on customer value recognizes that quality, rather than price, has become a primary determinant in a customer's perception of value.
TRUE

19.
(p. 54)
Companies that consistently offer the best value from the customer's perspective must provide two key services: keeping track of their individual customers' preferences and selling products or services at lowest price.
FALSE

Companies that consistently offer the best value from the customer's perspective (a) keep track of their customers' individual preferences, (b) keep up with market trends, (c) supply products, services, and information anytime, anywhere, and (d) provide customer services tailored to individual needs.

20.
(p. 54)
Internet technologies can make customers the focal point of customer relationship management (CRM) and other e-business applications.
TRUE

21.
(p. 56)
The value chain framework can be used to view a firm as a series, a chain, or a network of basic activities that add value to its products and services, and thus add a margin of value to the firm.
TRUE

22.
(p. 56)
According to the value chain concept, primary processes include such things as the procurement of resources and human resource management that are directly related to the manufacturing of products or delivery of services to the customer.
FALSE

Human resource management is a **support process,** not a primary process.

23.
(p. 56)
When using the value chain concept, managers should seek to develop strategic information systems for those activities that they view as the "weakest link" in the value chain.
FALSE

Managers should try focus on the basic processes that add the most value to a company's products or services.

24.
(p. 56)
The value chain concept can help managers decide where and how to apply the strategic capabilities of information technology.
TRUE

25.
(p. 58)
Business process reengineering (BPR) is most often called streamlining.
FALSE

Business process reengineering (BPR) is most often called **reengineering**.

26.
(p. 58)
Although the potential payback of reengineering is high, so is the risk of failure and level of disruption to the organizational environment of the firm.
TRUE

27.
(p. 58)
Business process reengineering (BPR) combines a strategy of *promoting business innovation* with a strategy of *making major improvements to business operations* so that a company can become a much stronger and more successful competitor in the marketplace.
TRUE

28.
(p. 58)
Many companies have found that organizational redesign approaches are an important enabler of business process reengineering.
TRUE

29.
(p. 58)
All the employees within a marketing department, from clerical staff to top managers, form a cross-functional team.
FALSE

A cross-functional team includes employees from several different departments or specialties.

30.
(p. 58)
Information technology plays a major role in the business process reengineering of most business processes.
TRUE

31. *(p. 63)* Becoming an agile company depends on customer perceptions of products and services, as much as any other strategy.
TRUE

32. *(p. 63)* An agile company cooperates with its suppliers and competitors.
TRUE

33. *(p. 63)* By nurturing an entrepreneurial spirit, an agile company provides powerful incentives for employee responsibility, adaptability, and innovation.
TRUE

34. *(p. 64)* Information technology can enable a company to develop relationships with its customers in virtual communities.
TRUE

35. *(p. 63)* Yahoo! transformed its service from a search engine into a portal by dedicating one branch of its business to providing content and other media-related services.
FALSE

Yahoo! transformed its service from a search engine into a portal by initiating numerous partnerships to provide content and other media-related services from its website.

36. *(p. 65)* One of the reasons people form virtual companies is to keep new entrants out of a market.
FALSE

The basic strategies of virtual companies include (a) share information and risk with alliance partners, (b) link complementary core competencies, (c) reduce concept-to-cash time, (d) increase facilities and market coverage, (e) gain access to new markets and share market or customer loyalty, and (f) migrate from selling products to selling solutions.

37. Knowledge-creating companies constantly create new business knowledge and then disseminate
(p. 66) it throughout the company in order to quickly build the new knowledge into their products and
services.
TRUE

38. Explicit knowledge involves the "how-to" knowledge that resides in workers.
(p. 66) **FALSE**

Explicit knowledge is made up of data, documents, and things written down.

39. Successful knowledge management creates *techniques*, *technologies*, and *rewards* for getting
(p. 66) employees to share what they know and to make better use of accumulated workplace knowledge.
TRUE

40. As an organization's learning process continues and its knowledge base expands, the knowledge
(p. 67) creating company works to integrate its knowledge into its *business processes*, *products*, and
services.
TRUE

41. A strategic information system can be any kind of information system that uses information
(p. 46) technology to help an organization _____.
A. gain a competitive advantage
B. reduce a competitive disadvantage
C. meet strategic enterprise objectives
D. all of the choices are correct.

42. A firm can survive and succeed in the long run if it successfully develops strategies to confront the
(p. 46) _____ that shape the structure of competition in its industry.
A. technological innovations
B. competitive business processes
C. competitive forces
D. competitive strategies

43. A(n) _____ strategy is a competitive strategy by which a firm seeks to become a low-cost
(p. 49) producer of products and services in the industry.
A. cost leadership
B. differentiation
C. innovation
D. alliance

44. A(n) _____ strategy is a competitive strategy by which a firm develops ways to
(p. 49) differentiate its products and services from those of its competitors.
A. low cost leadership
B. innovation
C. differentiation
D. growth

45. A(n) _____ strategy is a competitive strategy by which a firm develops unique products
(p. 49) or services from those of its competitors, or makes radical business changes that may alter the
fundamental nature of the industry.
A. alliance
B. growth
C. differentiation
D. innovation

46. A(n) _____ strategy is a competitive strategy by which a firm significantly expands its
(p. 49) capacity to produce goods and services, expanding and diversifying in the market.
A. alliance
B. growth
C. differentiation
D. innovation

47. A(n) _____ strategy is a competitive strategy by which a firm establishes new business
(p. 49) linkages with customers, suppliers, competitors, and other companies.
A. growth
B. low cost leadership
C. differentiation
D. alliance

48. According to the text, competition is a _____ characteristic in business that
(p. 49) _____.
    A. positive, is natural and healthy
    B. negative, can consume significant resources
    C. neutral, can help a firm meet strategic enterprise objectives
    D. none of the choices are correct.

49. According to the text, in the world of the Internet, a firm's biggest competitor:
(p. 49)   A. Usually exists and is close in the physical world
    B. Usually does not exist but will emerge close in the physical world
    C. May not yet exist but could emerge almost overnight
    D. Probably exists in an overseas location

50. According to the text, the Internet:
(p. 49)   A. Has limited competition world-wide
    B. Has created many ways to enter the market quickly, with relatively low cost
    C. Has created new entry barriers to competition
    D. Has decreased prices world-wide

51. Which of the following is a competitive strategy?
(p. 49)   A. New entries into the market
    B. Innovation
    C. Bargaining power
    D. Substitutes

52. All the following are competitive strategies *except*:
(p. 49)   **A.** New entries into the market
    B. Innovation
    C. Cost leadership
    D. Alliances

53. All of the following can be used to counter competitive forces in the marketplace *except*:
(p. 49)   A. Alliances
    B. Growth
    C. Innovation
    D. Bargaining

54.   All of the following are competitive forces in the marketplace *except*:
(p. 49)   **A.** Alliances
B. Competition
C. Substitutes
D. Bargaining

55.   Which of the following is a competitive force in the marketplace?
(p. 49)   A. Cost leadership
B. Competition
C. Differentiation
D. Alliances

56.   Developing a relationship with a customer such that the customer cannot afford to switch suppliers is
(p. 50)   an example of:
A. Monopolistic enterprise
B. Locking in the customer
C. Growth strategies
D. None of the above is correct

57.   The practice of becoming the largest purchaser of products from a given supplier is an example
(p. 50)   of:
A. Cost leadership
B. Growth strategies
C. Differentiation
D. Locking in the supplier

58.   Becoming a low-cost producer of products and services in an industry is an example of a(n):
(p. 49)   **A.** Cost leadership strategy
B. Differentiation strategy
C. Innovation strategy
D. Growth strategy

59. All of the following are basic competitive forces discussed in the text *except*:
(p. 49)
A. Rivalry of competitors
B. Threat of substitutes
C. Bargaining power of suppliers
D. Bargaining power of competitors

60. All of the following are basic competitive strategies discussed in the text *except*:
(p. 49)
A. Cost leadership
B. Innovation
C. Product differentiation
D. Strategic dominance

61. Expanding a company's product offering into global markets is an example of a(n) _____
(p. 50) strategy.
A. cost leadership
B. differentiation
C. growth
D. alliance

62. Investments in information technology that build valuable new relationships allow a firm to:
(p. 50)
A. Lock in the supplier
B. Lock in the customer
C. Lock out competition
D. All the above

63. In addition to the five basic competitive strategies, the text describes several key strategies
(p. 52) implemented with information technology. Which of the following is *not* one of those strategies?
A. Locking in customers
B. Building switching costs
C. Creating alliances
D. Raising barriers to entry

64. Using an information system to make customers and/or suppliers reluctant to change to another competitor is called:
(p. 52)
A. Growth strategy
B. Building switching costs
C. Creating alliances
D. Raising barriers to entry

65. When a firm develops ways to differentiate their products and services from their competitors', it is pursuing a _____ strategy.
(p. 50)
A. differentiation
B. alliance
C. innovation
D. marketing

66. A sales company such as eBay would be most likely to use information technology to promote _____.
(p. 51)
A. online stock trading
B. point-of-sale inventory tracking
C. online auctions
D. virtual manufacturing alliances

67. When a firm strives to find ways to help its suppliers and customers reduce their costs or to increase the costs of their competitors, it is pursuing a strategy of _____.
(p. 51)
A. innovation
B. alliance
C. cost leadership
D. growth

68. When customers become dependent on mutually beneficial inter-enterprise information systems, they become reluctant to switch to a company's competitors because they would incur all following costs *except*:
(p. 52)
A. Time
B. Money
C. Innovation
D. Effort

69. Companies like Wal-Mart extend their networks to their customers and suppliers in order to build
(p. 52) innovative continuous inventory replenishment systems that would lock in their business. This creates
a(n) _____ information system.
A. leveraged
B. inter-enterprise
C. intra-enterprise
D. locked-in

70. A serious problem of competitive advantage is that:
(p. 53) A. It normally doesn't last very long and it isn't sustainable over the long term
B. Competitors figure out how it was done and do the same thing
C. A competitive advantage can become a competitive necessity
D. All of the choices are correct.

71. A company that places a strategic focus on customer value recognizes that _____, rather than
(p. 54) _____, has become a primary determinant in a customer's perception of value.
A. service, price
B. price, quality
C. quality, service
D. quality, price.

72. Companies that consistently offer the best value from the customer's perspective do all the following,
(p. 54) *except*:
A. Keep track of their customers' individual preferences
B. Keep up with market trends
C. Supply products, services, and information anytime, anywhere
D. Offer lowest prices and fastest delivery

73. A customer-focused business can build customer value and loyalty by:
(p. 55) A. Making a loyal customer feel special with website personalization
B. Letting customers place orders directly, or through distribution partners
C. Letting customers check order history and delivery status
D. All of the choices are correct.

74. *(p. 55)* A transaction database allows all of the following activities *except*:
A. Linking employees and distribution partners to customers
B. Letting customers check order history
C. Giving employees a complete view of each customer
D. None of these activities are supported by a transaction database.

75. *(p. 55-56)* According to the textbook case, innovation in information systems at Universal Orlando comes from thinking like a:
A. Customer
B. Competitor
C. Employee
D. IT specialist

76. *(p. 56)* The value chain framework can be used to view a firm as a series, a chain, or a network of basic activities that:
A. Add value to its products and services, and thus add a margin of value to the firm.
B. Lower costs along the product development chain.
C. Create the perception of value and goodwill to employees.
D. Create a smooth-flowing chain of events between the supplier and the customer.

77. *(p. 57)* Which of the following is a primary business process?
A. Collaborative workflow intranet
B. Targeted marketing
C. Technology development
D. Procurement of resources

78. *(p. 57)* All of the following are primary business processes, *except*:
A. Customer relationship management
B. Targeted marketing
C. Technology development
D. Just-in-time warehousing

79. *(p. 57)* Which of the following is a support process?
A. Collaborative workflow intranet
B. Targeted marketing
C. Customer relationship management
D. Just-in-time warehousing

80. All of the following are support processes, *except*:
(p. 57)
A. Customer relationship management
B. Procurement of resources
C. Technology development
D. Employee benefits intranet

81. Business process reengineering is best defined as:
(p. 58)
A. A key technology to reduce customer late payments
B. A radical redesign of business processes to achieve improvements in cost, quality, speed, or service
C. A key way to ensure successful improvement in processing
D. All of the choices are correct.

82. Business process reengineering (BPR) is often referred to as:
(p. 58)
A. Streamlining
B. Reengineering
C. Quickening
D. None of the choices are correct.

83. Business process reengineering (BPR) incorporates all the following strategies, *except*:
(p. 58)
A. Lowering prices as a competitive strategy
B. Promoting business innovation
C. Making major improvements to business operations
D. None of the choices are correct.

84. Traditional business improvement includes:
(p. 61)
A. Top-down participation
B. Long time requirements
C. Brand new business processes
D. Incremental levels of change

85. Business process engineering includes:
(p. 61)
A. Bottom-up participation
B. Short time requirements
C. Improved new versions of current processes
D. Radical levels of change

86. Traditional business improvement includes all the following, *except*:
(p. 61)
A. Bottom-up participation
B. Short time requirements
C. Improved new versions of current processes
D. Radical levels of change

87. Business process redesign includes all the following, *except*:
(p. 61)
A. Top-down participation
B. Long time requirements
C. Brand new business processes
D. Incremental levels of change

88. Organizations are changing from a competitive environment in which mass-market products and
(p. 62) services were standardized, long-lived, information-poor, and exchanged in one-time transactions to an environment in which companies compete globally with niche-market products and services that are _____.
A. individualized
B. short-lived
C. exchanged on an ongoing basis with customers
D. All the choices are correct.

89. An agile company supports all the following *except*:
(p. 62)
A. Short-lived products and services
B. Standardized products and services
C. Information-rich products and services
D. Niche market products and services

90. _____ agility is the ability to co-opt customers in the exploitation of innovation
(p. 63) opportunities.
A. Customer
B. Partnering
C. Operational
D. Technological

91. _____ agility is the ability to leverage assets, knowledge, and competencies in the
(p. 63) exploration and exploitation of innovation opportunities.
A. Customer
B. Partnering
C. Operational
D. Technological

92. _____ agility is the ability to accomplish speed, accuracy, and cost economy in the
(p. 63) exploitation of innovation opportunities.
A. Customer
B. Partnering
C. Operational
D. Technological

93. Which of the following is *not* a strategy of a virtual company?
(p. 65) A. Share infrastructure and risk with alliance partners
B. Link complementary core competencies
C. Migrate from selling products to selling solutions
D. Increase concept-to-case time

94. Explicit knowledge deals with:
(p. 66) **A.** Data, documents, and things written down or stored on computers.
B. "How-to" knowledge, which resides in workers.
C. Using data mining techniques to capture external information.
D. All of the choices are correct.

95. Tacit knowledge deals with:
(p. 66) A. Data, documents, and things written down or stored on computers.
B. "How-to" knowledge, which resides in workers.
C. Using data mining techniques to capture external information.
D. None of the choices are correct.

96. Accessing and retrieving documents that have been stored online is a function of
(p. 66) _____.
A. document management
B. enterprise intelligence
C. information creation, sharing, and management
D. All of the choices are correct.

97. Real-time information management, communication, and collaboration are a function of
(p. 66) _____.
  A. document management
  B. enterprise intelligence
  C. information creation, sharing, and management
  D. All of the choices are correct.

98. Performance support, building expert networks, and leveraging organizational know-how are a
(p. 66) function of _____.
  A. document management
  B. enterprise intelligence
  C. information creation, sharing, and management
  D. All of the choices are correct.

99. The goal of knowledge management systems (KMS) is to help knowledge workers _____
(p. 66) important business knowledge.
  A. create
  B. organize
  C. distribute
  D. All of the choices are correct.

100. According to the textbook case, the Matter Page System at Goodwin Proctor increases efficiency of
(p. 67) their attorneys by.
  A. Separating the client billing, documents, and contact data
  B. Enabling the attorneys to launch more than one application at a time to find information
  C. Requiring the attorneys to spend more time researching their cases
  D. Pulling all the client billing, documents and contact data into a single "one-stop-shop" for users

101. A firm can survive and succeed in the long run if it successfully develops strategies to confront the
(p. 46) five _____ forces that shape the structure of competition in its industry.
  competitive

102. When an organization uses information technology to develop products, services and capabilities
(p. 46) in order to gain a strategic advantage over competitive forces in the global marketplace, it is using
information systems in a _____ role.
  strategic

103.
(p. 49)
The competitive threat of _____ is often at its strongest during periods of rising costs or inflation.

substitutes

104.
(p. 49)
A _____ strategy is a competitive strategy by which a firm seeks to become a low-cost producer of products and services in the industry.

cost leadership

105.
(p. 50)
When using a(n) _____ strategy, a firm seeks to find new ways of producing or distributing its products and services that are so different from the way business has been conducted that they may alter the fundamental structure of the industry.

innovation

106.
(p. 52)
_____ are the costs in time, money, effort, and inconvenience that it would take a customer or supplier to move its business to a firm's competitors.

Switching costs

107.
(p. 53)
If a company has successfully increased the amount of investment or the complexity of the technology required to compete in an industry or a market segment, it has raised _____ that would discourage or delay other companies from entering the market.

barriers to entry

108.
(p. 53)
Although large investments in technology can create entry barriers for present or prospective players in an industry, the barriers can evaporate over time as competitors employ the new technologies. This is an example of IT becoming a competitive _____.

necessity

109.
(p. 53)
When a strategy or action becomes a(n) _____, it means that instead of creating an advantage, the strategy or action becomes necessary simply to compete and do business in the industry.

competitive necessity

110.
(p. 54)
A customer-focused business has a strategic focus on customer _____, which recognizes that quality rather than price has become the primary determinant in a customer's perception of value.

value

111.
(p. 56)
In the _____ concept, some business activities are primary processes while others are support processes.

value chain

112.
(p. 57)
According to the value chain concept, _____ processes within the organization would include human resources management and technology development.

support

113.
(p. 58)
_____ is defined as the restructuring and transforming of a business process by a fundamental rethinking and radical redesign to achieve improvements in costs, quality, speed, and service.

Reengineering

114.
(p. 58)
Many companies have found that organizational _____ approaches are an important enabler of business process re-engineering.

redesign

115.
(p. 63)
A(n) _____ company can make a profit in markets with broad product ranges and short model lifetimes, and it can produce orders individually and in arbitrary lot sizes.

Agile

116.
(p. 64)
A _____ company can be defined as an organization that uses telecommunications networks and other information technology to link people, assets, and ideas.

virtual

117. Virtual companies develop alliances and extranet links that form _____ information
(p. 64) systems with suppliers, customers, subcontractors, and competitors.

inter-enterprise

118. People and corporations are forming virtual companies as the best way to implement key business
(p. 64) strategies and alliances that promise to ensure success in today's turbulent _____
climate.

business

119. The concept of _____-management refers to organizing and sharing the diverse forms of
(p. 66) business information created within an organization. This includes managing project and enterprise
document libraries, discussion databases, hypermedia web site databases, and other types of
knowledge bases.

knowledge

120. _____ knowledge deals with "how-to" knowledge, which resides in workers.
(p. 66) **Tacit**

121. _____ knowledge is made up of data, documents, and things written down.
(p. 66) **Explicit**

122. Enterprise Intelligence, Information Creation, Sharing, and Management, and Document Management
(p. 66) are the three levels of _____.

knowledge management

123. Leveraging organizational "know-how", performance support, interacting with operational databases,
(p. 66) and building expert networks are part of the _____ level of knowledge management.

enterprise intelligence

124.
(p. 66)
Capturing and distributing expert stories, real-time information management, communication and collaboration, and new content creation are part of the _____ level of knowledge management.
information creation, sharing, and management

125.
(p. 66)
Accessing and retrieving documents stored online are part of the _____ level of knowledge management.
document management

02 Summary

Category	_# of Questions_
AACSB: Technology	125
Blooms: Remember	125
Difficulty: 1 Easy	18
Difficulty: 2 Medium	72
Difficulty: 3 Hard	35
Learning Objective: 02-01 Identify several basic competitive strategies and explain how they use information technologies to confront the competitive forces faced by a business.	36
Learning Objective: 02-02 Identify several strategic uses of Internet technologies and give examples of how they can help a business gain competitive advantages.	35
Learning Objective: 02-03 Give examples of how business process reengineering frequently involves the strategic use of Internet technologies.	27
Learning Objective: 02-04 Identify the business value of using Internet technologies to become an agile competitor or form a virtual company.	18
Learning Objective: 02-05 Explain how knowledge management systems can help a business gain strategic advantages.	9
Marakas - Chapter 02	125