**Chapter 08 :** Business Across the Enterprise

**True / False Questions**

1. CRM systems store customer account data in multiple specialized databases and then make it available throughout a company via Internet, intranet, or other network links.

True False

2. CRM gives sales representatives lagged, but recent, access to a customer's account status and history before scheduling sales calls.

True False

3. Call center software helps customer service reps assist customers who are having problems with a product or service by providing relevant service data and suggestions.

True False

4. It costs twice as much to sell to a new customer than it does to sell to an existing one.

True False

5. A company can boost its profits 85 percent by increasing its annual customer retention by only 5 percent.

True False

6. The majority of complaining customers will do business with a company again if it quickly takes care of the problem.

True False

7. CRM can keep track of when a customer contacts a company, if the customer uses a previous contact point.

True False

8. The three steps in the customer life cycle are acquire, balance, and retain.

True False

9. Industry research groups report that most CRM projects produce the promised results.

True False

10. CRM software is difficult to install because it often touches many different legacy systems.

True False

11. ERP systems support many vital human resource processes, from personnel requirements planning to salary and benefits administration.

True False

12. ERP software suites typically consist of integrated modules of manufacturing, distribution, sales, inventory, and human resource applications.

True False

13. Losses from a failed ERP implementation can run into the hundreds of millions of dollars.

True False

14. In many cases, ERP failures are due to over-reliance on the claims of ERP software vendors.

True False

15. The growth of the Internet and corporate intranets and extranets prompted software companies to build Web interfaces and networking capabilities into ERP systems.

True False

16. Four important trends are shaping the continuing evolution of ERP: improvements in integration and flexibility, extensions to e-business applications, a broader reach to new users, and the adoption of Internet technologies.

True False

17. Some e-business suites disassemble ERP components and integrate them into other modules, while other products keep ERP as a distinct module in the software suite.

True False

18. According to the textbook case, fragmented internal systems are highly unusual in a company that experiences rapid growth.

True False

19. Many companies today are turning to Internet technologies to Web-enable their supply chain processes, decision making, and information flows.

True False

20. EDI software typically converts a company's own document formats into standardized EDI formats.

True False

21. EDI automatically tracks inventory changes; triggers orders, invoices, and other documents related to transactions; and schedules and confirms delivery and payment.

True False

22. According to the textbook case, InfoEDI's forms-based interface lets businesses connect to InfoEDI via modems and Web browsers.

True False

23. Nike's failed SCM implementation cost the firm over $100 million in lost sales, depressed stock prices, and caused class action lawsuits.

True False

24. Every supply chain application installation requires a hefty up-front investment.

True False

**Multiple Choice Questions**

25. Managing the full range of the customer relationship involves two related objectives: (1) providing the organization and all customer-facing employees with a single, complete view of every customer at every touch and across all channels, and (2) providing \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. suppliers with a single, complete view of the internal workings of the company
2. distributors with a single, complete view of the company and its extended channels
3. customers with a single, complete view of the company and its extended channels
4. customers, suppliers, and investors with a complete view of the internal workings of the company

26. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ systems store customer account data in common databases and then make it available throughout a company via Internet, intranet, or other network links.

1. Enterprise Resource Planning (ERP)
2. Supply Chain Management (SCM)
3. Customer Relationship Management (CRM)
4. Knowledge Management (KM)

27. CRM systems store customer account data in common databases and then make it available throughout a company via all the following, except: Internet, intranet, or other network links.

1. Internet
2. Intranet
3. Network links
4. Catalogs

28. CRM software uses information technology to create an enterprise wide system that integrates and automates many of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ processes with which customers interact.

1. sales
2. customer-serving
3. marketing
4. All of the choices are correct.

29. Siebel Systems, Oracle, PeopleSoft, SAP AG, and Epiphany are some of the leading vendors of \_\_\_\_\_\_\_\_\_\_ software.

1. ERP
2. CRM
3. PRM
4. All of the choices are correct.

30. A CRM system provides sales reps with the software tools and company data sources they need to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. support and manage their sales activities
2. optimize cross-selling
3. optimize up-selling
4. All of the choices are correct.

31. CRM systems help marketing professionals do all of the following except:

1. Qualify leads for targeted marketing
2. Schedule direct marketing mailings
3. Track direct marketing mailings
4. Build up-to-date marketing brochures

32. CRM systems help fulfill prospect and customer responses and requests by doing all of the following except:

1. Mailing out additional marketing materials
2. Providing product information
3. Capturing relevant information for the CRM database
4. Quickly scheduling sales contacts

33. It costs \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to sell to a new customer than it does to sell to an existing one.

1. twice as much
2. the same amount
3. six times more
4. half as much

34. A typical dissatisfied customer will tell \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ about his or her experience.

1. 8 to 10 people
2. nobody
3. everyone he/she knows
4. 2-4 people

35. A company can boost its profits \_\_\_\_\_\_\_\_\_ by increasing its annual customer retention by only \_\_\_\_\_\_.

1. 8 percent, 10 percent
2. 100 percent, 2 percent
3. 5 percent, 58 percent
4. 85 percent, 5 percent

36. The odds of selling a product to a new customer are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whereas the odds of selling a product to an existing customer are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. 10 percent, 75 percent
2. 15 percent, 50 percent
3. 5 percent, 20 percent
4. 5 percent, 85 percent

37. If a company takes care of a service problem quickly, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of complaining customers will do business with the company again.

1. 70 percent
2. 15 percent
3. 50 percent
4. 85 percent

38. CRM systems help a company identify, reward, and market to their most loyal and profitable customers through:

1. Analytical marketing software
2. Databases that include a customer data warehouse and CRM data mart
3. Data mining tools
4. All of the choices are correct.

39. A CRM system should support the organization in which phase of the relationship between a business and its customers?

1. Acquire and enhance
2. Enhance and retain
3. Acquire, enhance, and retain
4. Acquire and retain

40. A CRM system includes all the following phases, except:

1. Acquire
2. Enhance
3. Balance
4. Retain

41. The goal of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ phase of a customer relationship is to help customers perceive the value of a superior product offered by an outstanding company.

1. acquire
2. enhance
3. retain
4. all of the choices are correct.

42. In the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ phase of a customer relationship, a business relies on CRM software tools and databases to proactively identify and reward its most loyal and profitable customers via targeted marketing programs.

1. acquire
2. enhance
3. retain
4. all of the choices are correct.

43. In the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ phase of a customer relationship, CRM account management and customer service and support tools help keep customers happy by supporting superior service from a responsive networked team of sales and service specialists and business partners.

1. acquire
2. enhance
3. retain
4. all of the choices are correct.

44. Research shows that the major reason for CRM failure is:

1. senior management opposition
2. lack of support from software vendors
3. lack of understanding and preparation
4. none of the choices are correct.

45. According to the text, common wisdom holds which of the following as a reason for CRM failure?

1. senior management opposition
2. elongated projects that take on too much, too fast.
3. lack of support from software vendors
4. all of the choices are correct.

46. According to the text, common wisdom holds all of the following as reasons for CRM failure, except:

1. Lack of senior management sponsorship.
2. elongated projects that take on too much, too fast.
3. Lack of end-user incentives leading to poor user adoption rates.
4. All of the choices are correct.

47. Increasingly, businesses are moving to \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ CRM systems, to involve business partners as well as customers in collaborative customer services.

1. operational
2. analytical
3. collaborative
4. portal-based

48. All of the following are examples of the business value of operational CRM except:

1. Enables easy collaboration with customers, suppliers, and partners
2. Supports customer interaction with greater convenience through a variety of channels, including phone, fax, e-mail, chat, and mobile devices
3. Synchronizes customer interactions consistently across all channels
4. Makes a company easier to do business with

49. Which of the following is an example of the business value of collaborative CRM?

1. Provides all users with the tools and information that fit their individual roles and preferences
2. Improves efficiency and integration throughout the supply chain
3. Empowers all employees to respond to customer demands more quickly
4. Synchronizes customer interaction with greater convenience through a variety of channels, including phone, fax, e-mail, chat, and mobile devices

50. A(n) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ CRM provides all users with the tools and information they need to fit their individual roles and preferences.

1. operational
2. analytical
3. collaborative
4. portal-based

51. Enterprise resource planning is recognized as a necessary ingredient that many companies need in order to:

1. Gain the efficiency, agility, and responsiveness required to succeed in today's dynamic business environment
2. Maximize their marketing dollars
3. Reduce inventory levels
4. Hold onto competent employees in a competitive environment

52. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the technological backbone of e-business, an enterprise-wide transaction framework with links into sales order processing, inventory management and control, production and distribution planning, and finance.

1. Enterprise resource planning
2. Supply chain management
3. Electronic data interchange
4. Partner relationship management

53. Enterprise resource planning software for a manufacturing company will typically process data from \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. sales orders and inventory
2. sales, inventory, shipping, and invoicing, as well as from forecasts for raw material and human resources
3. accounts receivable and payable
4. none of the choices are correct.

54. According to the textbook case, it took Colgate U.S. anywhere from one to five days to acquire an order and another one to two days to process the order. After ERP, order acquisition and processing combined takes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. five days
2. three days
3. 24 hours
4. four hours

55. ERP creates a framework for integrating and improving a company's internal business processes that results in significant improvements in the quality and efficiency of:

1. Customer service
2. Production
3. Distribution
4. All of the choices are correct.

56. ERP systems can provide vital cross-functional information on business performance to managers in a very timely manner. This describes the key business benefit of:

1. Enterprise agility
2. Decision support
3. Decreased costs
4. Quality and efficiency

57. Of the typical costs associated with implementing a new ERP system, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is the lowest.

1. hardware
2. software
3. data conversions
4. reengineering

58. Although the benefits of ERP are many, the costs and risks can be considerable. Which of the following make up the bulk of the cost of implementing a new ERP system?

1. Hardware
2. Software
3. Reengineering (developing new business processes)
4. Converting data from legacy systems

59. Which of the following has been a major cause of failure in ERP projects?

1. Business managers and IT professionals underestimating the complexity of the planning, development, and training needed
2. Trying to do too much too fast
3. Insufficient training in the new work tasks required by the ERP system
4. All of the choices are correct.

60. According to the textbook case, Visa's \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ management infrastructure was fragmented, complex, and costly to maintain.

1. human resources
2. financial
3. marketing
4. communications

61. Fundamentally, \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ helps a company get the right products to the right place at the right time, in the proper quantity, and at an acceptable cost.

1. customer relationship management
2. supply chain management
3. electronic data interchange
4. partner relationship management

62. The goal of SCM is to create a fast, efficient, and low-cost network of business relationships, or a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, to get a company's products from concept to market.

1. supply chain
2. service chain
3. product chain
4. relationship chain

63. Because each supply chain process should add value to the products or services a company produces, a supply chain is frequently called a \_\_\_\_\_\_\_\_\_\_ chain.

1. process
2. service
3. product
4. value

64. A typical box of breakfast cereal takes \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to get from factory to supermarket, struggling its way through wholesalers, distributors, brokers, and consolidators, each of which has a warehouse.

1. seven days
2. 30 days
3. over 100 days
4. six months

65. The demands of today's competitive business environment are pushing manufacturers to use which of the following technologies to help them re-engineer their relationships with suppliers, distributors, and retailers?

1. Intranets
2. Extranets
3. E-commerce Web portals
4. All of the choices are correct.

66. Which of the following correctly describes the supply chain life cycle supported by SCM systems?

1. Commit, schedule, make, and deliver
2. Buy, make, sell
3. Buy, sell, schedule, deliver
4. None of the choices are correct.

67. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ involves the electronic exchange of business transaction documents over the Internet and other networks between supply chain trading partners (organizations and their customers and suppliers).

1. Data exchange
2. Intranets
3. Electronic data interchange
4. Data interchange

68. EDI is still a popular data-transmission format among major trading partners, primarily to automate repetitive transactions, though it is slowly being replaced by \_\_\_\_\_-based Web services.

1. HTML
2. Intranet
3. Web-2
4. XML

69. According to the textbook case, Telefonica realized that many smaller businesses could not afford standard EDI services, so they offered InfoEDI which allows transmission to be entered and processed \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. on data exchanges
2. on intranets
3. on the Internet
4. on extranets

70. All of the following are strategic SCM objectives and outcomes except:

1. Establishing policies
2. Designing a network
3. Establishing objectives
4. Scheduling production

71. Which of the following is a tactical SCM objective?

1. Deploying resources to match supply to demand
2. Monitoring, controlling, and adjusting production
3. Changing transportation methods
4. Establishing objectives and policies

72. All of the following are operation SCM objectives and outcomes except:

1. Schedule and monitor production
2. Control and adjust production
3. Order/inventory tracking
4. Material movement

73. Which of the following is a execution SCM objective?

1. Build and transport
2. Monitoring, controlling, and adjusting production
3. Changing transportation methods
4. Establishing objectives and policies

74. Optimize network of suppliers, plants, and distribution centers is an outcome of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SCM function.

1. supply chain design
2. materials management
3. collaborative fulfillment
4. supply chain event management

75. Develop an accurate forecast of customer demand by sharing demand and supply forecasts instantaneously across multiple tiers is an outcome of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SCM function.

1. supply chain design
2. collaborative demand and supply planning
3. collaborative fulfillment
4. supply chain event management

76. Sharing of accurate inventory and procurement information is an outcome of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SCM function.

1. supply chain design
2. materials management
3. collaborative fulfillment
4. supply chain event management

77. Optimize plans and schedules while considering resource, material, and dependency constraints is an outcome of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SCM function.

1. supply chain design
2. materials management
3. collaborative fulfillment
4. collaborative manufacturing

78. Support the entire logistics process, including picking, packing, shipping, and delivery in foreign countries is an outcome of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SCM function.

1. supply chain design
2. materials management
3. collaborative fulfillment
4. supply chain event management

79. Monitor every stage of the supply chain process, from price quotation to the moment the customer receives the product is an outcome of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SCM function.

1. supply chain design
2. materials management
3. collaborative fulfillment
4. supply chain event management

80. Report key measurements in the supply chain, such as filling rates, order cycle times, and capacity utilization is an outcome of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ SCM function.

1. supply chain performance management
2. materials management
3. collaborative fulfillment
4. supply chain event management

81. SCM systems generally provide companies with all of the following benefits except:

1. Lower marketing costs
2. Quicker times to market
3. Reductions in inventory levels
4. Lower transaction and materials costs

82. Companies employing supply chain management systems can still face problems. Which of the following is not identified as a cause of SCM problems in the text?

1. A lack of demand planning knowledge
2. Inaccurate production or inventory data provided by a company's other information systems
3. Inaccurate or overly-optimistic demand forecasts
4. Too many solutions from which to choose

83. A lack of adequate collaboration between suppliers, distributors, and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ departments within a company will sabotage any SCM system.

1. marketing
2. production
3. inventory management
4. All of the choices are correct.

84. Nike's failed SCM implementation resulted in all the following except:

1. $100 million in lost sales
2. 50% of the Nike factories were closed
3. Depressed stock prices
4. Class action lawsuits

85. Companies in stage \_\_\_\_\_ of a supply chain management implementation concentrate on making improvements to internal supply chain processes and external processes and relationships with suppliers and customers.

1. one
2. two
3. three
4. four

86. Companies in stage \_\_\_\_\_ of a supply chain management implementation concentrate on expanding the business network of Web-enabled SCM-capable trading partners in their supply chain to increase operational efficiency and effectiveness in meeting strategic business objectives.

1. one
2. two
3. three
4. four

87. Companies in stage \_\_\_\_\_ of a supply chain management implementation strive to optimize the development and management of their supply chains in order to meet strategic customer value and business value goals.

1. one
2. two
3. three
4. four

88. Which of the following would occur in stage 3 of a supply chain management implementation?

1. Order fulfillment
2. Collaborative marketing
3. Order management
4. Resource allocation

89. Which of the following would occur in stage 1 of a supply chain management implementation?

1. Logistics
2. Collaborative marketing
3. Order management
4. Resource allocation

90. According to the textbook case, SCM software:

1. allows McKesson to monitor CVS's store level consumption and inventory
2. allows CVS to monitor McKesson's store level consumption and inventory
3. allows McKesson to see what items CVS is ordering from other vendors
4. allows CVS to place orders with vendors other than McKesson