**Chapter 11 :** Business/IT Strategies for Development

**True / False Questions**

1. Team planning sessions frequently include answering strategic advantage questions.

True False

2. In a planning context, a virtual world is a microcosm of the real world.

True False

3. Creating a role-playing exercise to be used in supervisory training is not the same as creating a microworld.

True False

4. According to the text case, there are two basic types of IT risks.

True False

5. A weakness is the potential for business and market losses posed by the actions of competitors and other competitive forces.

True False

6. A threat is the potential for business and market losses posed by the actions of competitors and other competitive forces.

True False

7. An opportunity is the potential for new business markets or innovative breakthroughs that might expand present markets.

True False

8. A strength is the potential for new business markets or innovative breakthroughs that might expand present markets.

True False

9. A good business model is essential for a new venture, but is seldom necessary for established businesses.

True False

10. The business/IT planning process focuses on discovering innovative approaches to satisfying a company's customer value and business value goals.

True False

11. Either the CEO or the CIO of a company must manage the development of complementary business and IT strategies in order meet its customer value and business value vision.

True False

12. The technology architecture component of the business/IT planning process involves developing business strategies that support a company's business vision, such as using information technology to create innovative e-business systems that focus on customer and business value.

True False

13. The strategic development component of the business/IT planning process involves developing business strategies that support a company's business vision, such as using information technology to create innovative e-business systems that focus on customer and business value.

True False

14. The resource management component of the business/IT planning process involves developing business strategies that support a company's business vision, such as using information technology to create innovative e-business systems that focus on customer and business value.

True False

15. A technology platform should include support for developing and maintaining inter-enterprise supply chain applications, integrated enterprise resource planning, and customer relationship management applications.

True False

16. An applications architecture should include support for developing and maintaining inter-enterprise supply chain applications, integrated enterprise resource planning, and customer relationship management applications.

True False

17. An IT organization should include support for developing and maintaining inter-enterprise supply chain applications, integrated enterprise resource planning, and customer relationship management applications.

True False

18. It is common for the current market value of an organization to exceed the market value of its assets.

True False

19. The business case for investing in proposed e-business development projects is evaluated by company executives and business unit managers based on the strategic business priorities that they decide are most desirable or necessary at that point in time.

True False

20. According to the text case, most CIOs find that putting together a strategic IT plan is a very simplistic process as it is based on the firm's overall strategic plan.

True False

21. The business/IT planning process is rapidly losing favor with today's modern businesses.

True False

22. E-business architecture planning links strategy development to business modeling and component development methodologies in order to produce the strategic e-business applications needed by a company.

True False

23. Because senior management at many companies consistently identify e-business as an area of great opportunity, and one in which the company needs stronger capabilities, planning works really well, as does converting such strategy into action.

True False

24. Moving to an e-business environment involves a lot of procedural changes, but no major organizational change.

True False

25. Implementing new e-business strategies and applications is only the latest catalyst for major organizational changes; many large, global companies have undergone multiple major organizational changes since the 1980s.

True False

26. Any new way of doing things will generate some resistance from the people affected.

True False

27. One of the keys to solving the problem of end user resistance to new information technologies is keeping them isolated from the process until the technology is ready to go live.

True False

28. Systems that tend to inconvenience or frustrate users cannot be effective, no matter how technically elegant they are or how efficiently they process data.

True False

29. Cost is the smallest obstacle to implementation of a knowledge management application.

True False

30. People factors have the highest level of difficulty and take the longest time to resolve of any dimension of change management.

True False

31. Many change management models include methods for performance measurement and financial incentives to get employees and stakeholders to cooperate with the changes that may be required.

True False

32. According to the text, creating leadership resolve is part of the build commitment process of change management.

True False

33. According to the text case, senior managers finally realized that IT personnel often have a more comprehensive view of the organization than many functional or divisional heads who are largely concerned with their own areas.

True False

**Multiple Choice Questions**

34. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ planning involves the setting of objectives and the development of procedures, rules, schedules, and budgets.

1. Strategic
2. Operational
3. Tactical
4. All of the choices are correct.

35. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ planning is done on a short-term basis to implement and control day-to-day operations.

1. Strategic
2. Operational
3. Tactical
4. Scenario

36. All of the following are examples of questions that would be asked when establishing an "understanding the customer" strategic vision except:

1. Who are our customers?
2. How can we add value for the customer with e-business services?
3. How are our customers' priorities shifting?
4. Who should be our target customers?

37. Which of the following is an example of questions that would be asked when establishing a "customer value" strategic vision?

1. Who are our customers?
2. How can we add value for the customer with e-business services?
3. How are our customers' priorities shifting?
4. Who should be our target customers?

38. All of the following are examples of questions that would be asked when establishing a "competition" strategic vision except:

1. Who are our real competitors?
2. How are our competitor's priorities shifting?
3. What is our toughest competitor's business model?
4. Are our competitors potential partners, supplies, or customers in an e-business venture?

39. Which of the following is a question that would be asked when establishing a "value chain" strategic vision?

1. Who are our customers?
2. How can we add value for the customer with e-business services?
3. Are our competitors potential partners, supplies, or customers in an e-business venture?
4. Who would be our supply chain partners?

40. A demand for better and more convenient solutions is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ trend that is shaping strategic business/IT planning.

1. technology
2. competitive imperatives
3. deregulation
4. customer sophistication/expectations

41. A situation where previously regulated markets are opening is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ trend that is shaping strategic business/IT planning.

1. technology
2. competitive imperatives
3. deregulation
4. customer sophistication/expectations

42. Outsourcing, growth, and customer orientation are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ trends that are shaping strategic business/IT planning.

1. technology
2. competitive imperatives
3. deregulation
4. customer sophistication/expectations

43. Technology convergence, increasing information content, and e-commerce are \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ trends that are shaping strategic business/IT planning.

1. technology
2. competitive imperatives
3. deregulation
4. customer sophistication/expectations

44. All of the following are considered competitive forces except:

1. Cost leadership
2. Competitors
3. Customers
4. New entrants

45. All of the following are considered competitive strategies except:

1. Differentiation
2. Innovation
3. New entrants
4. Alliances

46. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are areas of substandard business performance compared to others in the industry or market segments.

1. Weaknesses
2. Opportunities
3. Threats
4. Strengths

47. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are the potential for new business markets or innovative breakthroughs that might expand present markets.

1. Weaknesses
2. Opportunities
3. Threats
4. Strengths

48. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are the potential for business and market losses posed by competitors, competitive forces, government, or disruptive technologies.

1. Weaknesses
2. Opportunities
3. Threats
4. Strengths

49. \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ are core competencies and resources where a firm is a market or industry leader.

1. Weaknesses
2. Opportunities
3. Threats
4. Strengths

50. Offering customers something distinctive or at a lower cost than competitors is a component of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ business model.

1. revenue source
2. pricing
3. sustainability
4. customer value

51. Which of the following questions best represents the sustainability component of a business model?

1. What is it about the firm that makes it difficult for other firms to imitate it?
2. What are the firm's capabilities and capabilities gaps that need to be filled?
3. Where do the dollars come from?
4. To which customers is the firm offering this value?

52. The question "How many new activities must be performed as a result of the Internet?" best represents the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of e-business models.

1. scope
2. connected activities
3. implementation
4. sustainability

53. According to the text case, which of the following is not an IT risk?

1. Program Risk
2. Market Risk
3. Business Operations Risk
4. Technology Risk

54. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of the business/IT planning process involves making strategic IT choices that reflect an information technology architecture designed to support a company's e-business and other business/IT initiatives.

1. resource management
2. technology architecture
3. strategic development
4. All of the choices are correct.

55. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of the business/IT planning process involves developing strategic plans for managing or outsourcing a company's IT resources.

1. resource management
2. technology architecture
3. strategic development
4. All of the choices are correct.

56. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of the business/IT planning process involves developing business strategies that support a company's business vision, using IT to create innovative e-business systems focusing on customer and business value.

1. resource management
2. technology architecture
3. strategic development
4. All of the choices are correct.

57. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of the information technology architecture includes the networks, computer systems, system software, and integrated enterprise application software that provide the computing and communications platform supporting the strategic use of information technology.

1. IT organization
2. data resources
3. technology platform
4. applications architecture

58. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of the information technology architecture includes the many operational and specialized databases that store and provide data and information for business process and decision support.

1. IT organization
2. data resources
3. technology platform
4. applications architecture

59. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of the information technology architecture includes business applications designed as an integrated architecture of enterprise systems that support strategic business initiatives.

1. IT organization
2. data resources
3. technology platform
4. applications architecture

60. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ component of the information technology architecture includes the organizational structure of the IS function within a company and the distribution of IS specialists, designed to meet the changing strategies of a business.

1. IT organization
2. data resources
3. technology platform
4. applications architecture

61. Having a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ perspective means measuring financial performance, such as number of debtors, cash flow, or return on investment.

1. learning and growth
2. customer
3. financial
4. business process

62. Having a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ perspective means reflecting on the performance of key business processes.

1. learning and growth
2. customer
3. financial
4. business process

63. Having a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ perspective means measuring the company's learning curve, such as the time spent on staff training.

1. learning and growth
2. customer
3. financial
4. business process

64. A company that measures the time it takes to process a phone call, tabulates the results of customer surveys, and tracks the number of user complains has a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ perspective.

1. learning and growth
2. customer
3. financial
4. business process

65. The most valuable Internet applications allow companies to transcend communication barriers and establish connections that will do all of the following except:

1. Enhance productivity
2. Stimulate innovative development
3. Improve customer relations
4. Increase the quality of job applicants

66. E-mail, chat systems, discussion groups, and a company website are typical examples of the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ quadrant of a strategic positioning matrix.

1. global market penetration
2. product and service transformation
3. cost and efficiency improvements
4. performance improvement in business effectiveness

67. A company that enters the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ quadrant of a strategic positioning matrix must capitalize on a high degree of customer and competitor connectivity and use of IT.

1. global market penetration
2. product and service transformation
3. cost and efficiency improvements
4. performance improvement in business effectiveness

68. A company that enters the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ quadrant of a strategic positioning matrix has a high degree of internal connectivity and pressures to improve its business processes.

1. global market penetration
2. product and service transformation
3. cost and efficiency improvements
4. performance improvement in business effectiveness

69. A company that enters the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ quadrant of a strategic positioning matrix is extensively networked with its customers, suppliers, and competition through Web sites, intranets, and extranets.

1. global market penetration
2. product and service transformation
3. cost and efficiency improvements
4. performance improvement in business effectiveness

70. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ model supplements, rather than replaces, physical distribution and marketing channels. Examples are Cisco and Dell.

1. market creator
2. channel reconfiguration
3. channel mastery
4. All of the choices are correct.

71. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ model requires you to be among the first to market and to remain ahead of competition by continuously innovating. Examples are Amazon.com and E\*TRADE.

1. self-service innovator
2. supply chain innovator
3. channel mastery
4. market creator

72. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ model supplants, rather than replaces, existing physical business offices and call centers by using the Internet as a sales and service channel.

1. self-service innovator
2. supply chain innovator
3. channel mastery
4. market creator

73. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ model uses the Internet to streamline the interactions among all parties in the supply chain to improve operating efficiency.

1. self-service innovator
2. supply chain innovator
3. channel mastery
4. market creator

74. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ model uses the Internet to provide a comprehensive suite of services that the customer's employees can use directly.

1. self-service innovator
2. supply chain innovator
3. channel mastery
4. market creator

75. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ model uses the Internet to reduce search costs and offers the customer a unified process for collecting information necessary to make a large purchase.

1. infomediary
2. supply chain innovator
3. channel mastery
4. market creator

76. The \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ model uses the Internet to process purchases, including the process of searching, comparing, selecting, and paying online.

1. infomediary
2. supply chain innovator
3. channel mastery
4. transaction intermediary

77. A business application planning process includes consideration of IT proposals for all of the following except:

1. Addressing strategic business priorities
2. Building business cases
3. Planning for application development
4. Planning for application implementation

78. New business processes are stored in a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ of reusable business models and application components.

1. repository
2. bank
3. database
4. All of the choices are correct.

79. Implementing new business/IT strategies requires managing the effects of major changes in \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

1. business processes
2. managerial roles
3. employee work assignments
4. All of the choices are correct.

80. Which of the following is not considered one of the top ten enterprise resource planning challenges?

1. Organizing the data
2. Getting end user buy-in
3. Dealing with multiple/international sites and partners
4. Moving to a new platform

81. Which of the following is the biggest obstacle to knowledge management systems?

1. Cost
2. Immature technology
3. User resistance to sharing knowledge
4. Immaturity of knowledge management industry

82. According to the text case, the original Iridium organization failed because:

1. the company couldn't afford to keep the system updated.
2. Iridium focused on the wrong business.
3. the system was not operational before the company went through a merger.
4. satellite phones do not work indoors.

83. According to the textbook case, all of the following were causes for the failure of the Iridium project except:

1. the service was too expensive.
2. the phone only worked outdoors.
3. the original phone was too bulky.
4. the phones were never properly tested.

84. Which of the following is part of the technology dimension of change management?

1. Ownership
2. Recruitment
3. Enterprise architecture
4. Change control

85. Implementing a new e-business application, such as customer relationship management might involve:

1. Developing a change action plan
2. Assigning selected managers as change sponsors
3. Developing employee change teams
4. All of the choices are correct.

86. Change experts recommend all of the following tactics to reduce the risks and cost and to maximize the benefits of change except:

1. Change the company culture before the project is implemented, not after
2. Involve as many people as possible in e-business planning and application development
3. Keep constant change an expected part of the culture
4. Make liberal use of financial incentives and recognition

87. All of the following are examples of the actions that would normally be taken while defining a change strategy except:

1. Assess readiness for change
2. Select the best change configuration
3. Establish change governance
4. Promote leadership resolve

88. Which of the following is an action that would normally be taken while trying to build commitment to an impending change?

1. Develop leadership capability
2. Transfer knowledge and skills
3. Create a compelling change story
4. Implement culture change

89. All of the following are actions that would be taken while attempting to develop a culture of change except:

1. Understand the current culture
2. Design the target organization
3. Implement cultural change
4. Merging new employees (fresh blood) into the existing culture.

90. All of the following are actions that would be taken while attempting to develop a change in vision except:

1. Understand the strategic vision
2. Assess the organization's readiness for change
3. Create a compelling change story
4. Make the vision operational and comprehensive

91. According to the text case, senior managers finally realized that IT personnel \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ functional or divisional heads who are largely concerned with their own areas.

1. often have a similar view of the organization to
2. often have a more comprehensive view of the organization than many
3. often have a less comprehensive view of the organization than many
4. none of the above

92. According to the textbook case, what was the final stage of organizational transformation for Reuters as it sought to implement global shared service centers for its financial services function?

1. Organizational redesign
2. Technology enablement
3. Sourcing redesign
4. Business process redesign

93. Which of the following is the initial stage of an organizational transformation?

1. Organizational redesign
2. Technology enablement
3. Sourcing redesign
4. Business process redesign