

***Processes, Systems, and Information (Kroenke/McKinney)***  
**Chapter 8 Supporting the Sales Process with SAP**

1) A sale is an exchange of goods or services for money.

Answer: TRUE

Page Ref: 230

Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

2) Shipping products to customers is considered a sales activity.

Answer: TRUE

Page Ref: 230

Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

3) The sales process is a part of the outbound logistics activity of the value chain.

Answer: FALSE

Page Ref: 230

Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

4) B2C sales are much more common than B2B sales.

Answer: FALSE

Page Ref: 231

Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

5) Before the implementation of SAP at CBI, the various actors in the sales process used a unified sales database.

Answer: FALSE

Page Ref: 231

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

6) Prior to the implementation of SAP at CBI, accountants were authorized to approve sales orders.

Answer: TRUE

Page Ref: 232

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

7) Prior to the implementation of SAP at CBI, the sales department used to evaluate the risk of selling to a new customer.

Answer: FALSE

Page Ref: 232

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

8) Prior to the implementation of SAP at CBI, sales orders were passed on to the warehouse after approval by the accounting department.

Answer: TRUE

Page Ref: 233

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

9) The finished goods inventory used to get updated three times a day at CBI, before the implementation of SAP.

Answer: FALSE

Page Ref: 233

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

10) Prior to the implementation of SAP at CBI, the updated finished goods inventory data was sent to CBI's salespeople overnight.

Answer: TRUE

Page Ref: 233

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

11) Prior to the implementation of SAP, the warehouse at CBI used to pick and pack orders before receiving final permission to ship.

Answer: TRUE

Page Ref: 233

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

12) Prior to the implementation of SAP, the warehouse manager at CBI did not have any way to communicate with salespeople about upcoming supply disruptions.

Answer: TRUE

Page Ref: 234

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

13) Prior to the implementation of SAP at CBI, the warehouse used to check the credit of new customers.

Answer: FALSE

Page Ref: 234

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

14) After deciding to implement SAP, the top management at CBI reexamined the company's strategy and committed to a competitive strategy that focused on high-end bikes.

Answer: TRUE

Page Ref: 234

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Discuss the role of information systems in supporting business processes

15) Faster customer response was an efficiency objective that CBI hoped to achieve through the implementation of SAP.

Answer: FALSE

Page Ref: 234

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Discuss the role of information systems in supporting business processes

16) Reducing the number of cancelled sales was an effectiveness objective that CBI hoped to achieve through the implementation of SAP.

Answer: FALSE

Page Ref: 234

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Discuss the role of information systems in supporting business processes

17) CBI's salespeople gained access to current inventory and price data after the implementation of SAP.

Answer: TRUE

Page Ref: 235

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

18) In the new SAP system at CBI, accountants have the responsibility of creating sales orders.

Answer: FALSE

Page Ref: 235

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

19) The Create Standard Order: Overview window in the SAP system is used to create new sales orders.

Answer: TRUE

Page Ref: 235

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

20) In the new SAP system at CBI, when a sales order is generated, a message is sent to the accounting department requesting credit approval.

Answer: TRUE

Page Ref: 236

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

21) In the new SAP system at CBI, the warehouse manager is responsible for credit approval.

Answer: FALSE

Page Ref: 236

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

22) At CBI, once a sales order is approved, SAP triggers a message to the warehouse manager to create an outbound document for this sales order.

Answer: TRUE

Page Ref: 236

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

23) CBI's warehouse manager uses the Billing Due List screen to update picked items in SAP.

Answer: FALSE

Page Ref: 236

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

24) In the new SAP system at CBI, warehouse managers are not authorized to overwrite the defaulted value that appears in the Deliv. Qty column of the Outbound Delivery screen.

Answer: FALSE

Page Ref: 236-237

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

25) At CBI, the Ship Goods activity occurs when a delivery truck leaves the warehouse with a shipment.

Answer: TRUE

Page Ref: 237

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

26) The legal ownership of a shipment does not change until it is delivered to the buyer.

Answer: FALSE

Page Ref: 238

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

27) Since the implementation of SAP at CBI, the accounting department generates a bill only after the warehouse has posted goods to the buyer.

Answer: TRUE

Page Ref: 238

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

28) The implementation of SAP at CBI resulted in slower customer responses although it facilitated up-to-date pricing.

Answer: FALSE

Page Ref: 239

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

29) SAP helped CBI reduce the number of cancelled sales to its best customers.

Answer: TRUE

Page Ref: 239

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

30) Sales promotion is a customer-facing process.

Answer: TRUE

Page Ref: 240

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

31) Demand management is a CRM process.

Answer: FALSE

Page Ref: 240

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

32) Sales promotion is an SCM process.

Answer: FALSE

Page Ref: 240

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

33) Process integration is improved in organizations when processes share data.

Answer: TRUE

Page Ref: 240

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Discuss the role of information systems in supporting business processes

34) Increasing process synergy improves process integration.

Answer: TRUE

Page Ref: 241

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Discuss the role of information systems in supporting business processes

35) SAP achieves process synergy by designing processes to work together.

Answer: TRUE

Page Ref: 242

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Discuss the role of information systems in supporting business processes

36) Social CRM is an information system that social networks use to facilitate communication within their network.

Answer: FALSE

Page Ref: 242

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

37) Salesforce.com charges customers for their services using a pay-as-you-go plan.

Answer: TRUE

Page Ref: 243

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

38) Start-up costs are high when a firm uses Salesforce.com.

Answer: FALSE

Page Ref: 243

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

39) E-commerce is a multi-firm process of buying and selling goods and services using Internet technologies.

Answer: TRUE

Page Ref: 245

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

40) Nonmerchant companies are companies that own the goods they sell.

Answer: FALSE

Page Ref: 245

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world



41) eBay is a Web site that matches sellers and buyers without owning any of the products that are sold through the site. eBay is a merchant company.

Answer: FALSE

Page Ref: 245

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

42) Information systems that support the sales process of B2C companies are typically Web storefronts that customers use to enter and manage their orders.

Answer: TRUE

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

43) B2B e-commerce refers to sales between companies.

Answer: TRUE

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

44) Clearinghouses match buyers and sellers by using an IS version of a standard auction.

Answer: FALSE

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

45) Auctions provide goods and services at a stated price and arrange for the delivery of the goods.

Answer: FALSE

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

46) An electronic exchange is a type of clearinghouse that matches buyers and sellers.

Answer: TRUE

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

47) Disintermediation is the elimination of middle layers of distributors and suppliers.

Answer: TRUE

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

48) Price elasticity measures the amount that demand rises or falls with changes in price.

Answer: TRUE

Page Ref: 247

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

49) Determining price elasticity is more difficult for an e-commerce company than a typical "bricks-and-mortar" company.

Answer: FALSE

Page Ref: 247

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

50) Which of the following is a main activity of the sales process?

A) procurement

B) payment

C) storage

D) manufacturing

Answer: B

Page Ref: 230

Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the ethical and social issues raised by the use of information systems

51) Which of the following is a sales activity that is typically performed by a warehouse manager?

- A) shipment
- B) payment
- C) procurement
- D) manufacturing

Answer: A

Page Ref: 230

Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

52) Which of the following statements is true of the sales process in an organization?

- A) It is a part of the outbound logistics activity of the value chain.
- B) It is a support process, though it is commonly mistaken for an operational process.
- C) It is a part of the inbound logistics activity of the value chain.
- D) Its major activities are selling, shipment, and payment.

Answer: D

Page Ref: 230

Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

53) Before the implementation of SAP at CBI, which of the following was the first activity in its sales process?

- A) creation of sales orders
- B) approval of sales orders
- C) pre-sales actions
- D) creation of warehouse bills

Answer: C

Page Ref: 232

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

54) Prior to the implementation of SAP at CBI, which department was responsible for sending invoices to customers?

- A) purchasing
- B) accounting
- C) sales
- D) operations

Answer: B

Page Ref: 233

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

55) Prior to the implementation of SAP at CBI, which department was authorized to approve sales orders?

- A) accounting
- B) purchasing
- C) sales
- D) marketing

Answer: A

Page Ref: 232

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

56) Before the implementation of SAP at CBI, the \_\_\_\_\_ department was responsible for checking customers' credit history and determining the risk of selling to a customer .

- A) accounting
- B) marketing
- C) sales
- D) purchasing

Answer: A

Page Ref: 232

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

57) Before the implementation of SAP at CBI, many sales orders were rejected due to a lack of inventory. Which of the following was the reason for this?

- A) Sales staff were not given access to the warehouse database.
- B) Accountants failed to check inventory before approving a sale.
- C) Sales staff were not instructed to check the warehouse database.
- D) Inventory data in the warehouse database used to lag by a day.

Answer: D

Page Ref: 233

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

58) Prior to the implementation of SAP at CBI, sales orders that were approved by accounting were passed on to the \_\_\_\_\_.

- A) purchasing department
- B) sales agent
- C) warehouse
- D) sales department

Answer: C

Page Ref: 233

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

59) Prior to the implementation of SAP at CBI, why did the inventory data in the warehouse database lag by a day?

- A) The data about finished goods inventory used to get updated in the warehouse database only at the end of the day.
- B) The warehouse manager did not operate the warehouse database.
- C) The accounting department had to verify database entries before sending the information to the sales staff.
- D) The sales database was connected to the warehouse database, and this created synchronization issues.

Answer: A

Page Ref: 233

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

60) Which of the following was a problem that CBI's warehouse faced before implementing SAP?

- A) The warehouse was not given a specific database to enter details regarding inventory.
- B) The warehouse manager could not update the database without the approval of the accounting department.
- C) The purchase department used to handle shipments instead of the warehouse.
- D) The warehouse used to pick and pack inventory before receiving final approval.

Answer: D

Page Ref: 233

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

61) Identify the efficiency objective that sales managers at CBI had set for the implementation of SAP.

- A) reducing the number of cancelled orders
- B) greater responsiveness to customers
- C) greater responsiveness to retailers
- D) increasing the sale of first-year products

Answer: A

Page Ref: 234

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Discuss the role of information systems in supporting business processes

62) Identify the effectiveness objective that sales managers at CBI had set for the implementation of SAP.

- A) increasing the number of product innovations
- B) responding faster to customers
- C) reducing the level of inventory
- D) reducing the cost of manufacturing

Answer: B

Page Ref: 234

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Discuss the role of information systems in supporting business processes

63) Which of the following changes were made to the sales process at CBI after the implementation of SAP?

- A) The warehouse was responsible for assessing the credit risk of customers and was given access to the accounting database.
- B) The accounting department was removed from the sales process and was not given access to the sales database.
- C) The pre-sales activities were removed from the sales process, and inventory and price data were maintained by the warehouse.
- D) Multiple databases were removed, and a unified system was implemented to track all sales data.

Answer: D

Page Ref: 235

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

64) Who among the following is responsible for creating sales orders in the new SAP system at CBI?

- A) warehouse manager
- B) accountant
- C) sales agent
- D) warehouse agent

Answer: C

Page Ref: 235

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

65) In the new SAP system at CBI, once a sales order is created, \_\_\_\_\_.

- A) a credit approval request is generated
- B) an invoice is submitted
- C) a transaction number is created
- D) pre-sales actions are verified

Answer: A

Page Ref: 236

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

66) At CBI, the warehouse manager uses the \_\_\_\_\_ screen in the SAP system to ship items to customers.

- A) Post Incoming Payments
- B) Outbound Delivery
- C) Billing Due List
- D) Create Standard Order

Answer: B

Page Ref: 236

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

67) When the warehouse manager at CBI selects the Post Goods Issue button in SAP, \_\_\_\_\_.

- A) the legal ownership of the product changes
- B) a purchase request is generated for approval
- C) a purchase order is generated for approval
- D) a sales offer is made to the customer

Answer: A

Page Ref: 238

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

68) The accounting department at CBI receives a message that it can bill a customer for a sale when the \_\_\_\_\_.

- A) order is picked and packed at the warehouse
- B) sales order is approved in SAP
- C) sales order is generated in SAP
- D) warehouse posts the goods issue in SAP

Answer: D

Page Ref: 238

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes



69) The accounting department at CBI uses the \_\_\_\_\_ screen in SAP to generate an invoice for a sales order.

- A) Post Incoming Payments
- B) Outbound Delivery
- C) Billing Due List
- D) Create Standard Order

Answer: C

Page Ref: 238

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

70) Which of the following is a general benefit that CBI has achieved as a result of implementing SAP?

- A) Every department has a dedicated database.
- B) The company has been able to focus on low-end customers.
- C) New customers are approved faster.
- D) The warehouse is allowed to ship orders even before approval.

Answer: C

Page Ref: 239

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

71) Which of the following is a customer-facing process at CBI?

- A) promotion
- B) demand management
- C) procurement
- D) returns management

Answer: A

Page Ref: 240

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

72) A CRM system is used to integrate processes such as \_\_\_\_\_.

- A) inbound and outbound logistics
- B) sales and services
- C) procurement and sales
- D) manufacturing and logistics

Answer: B

Page Ref: 240

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

73) Which of the following is a supply chain process?

- A) procurement
- B) sales
- C) service
- D) promotion

Answer: A

Page Ref: 240

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

74) Which of the following is a CRM process?

- A) demand management
- B) service
- C) procurement
- D) returns management

Answer: B

Page Ref: 240

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

75) Which of the following facilitates process integration?

- A) maintaining independent databases
- B) developing mutually supportive processes
- C) restricting access to sensitive data
- D) decentralizing process activities

Answer: B

Page Ref: 241

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Discuss the role of information systems in supporting business processes

76) Social CRM is an information system that \_\_\_\_\_.

- A) is used by social networks to facilitate interaction between their members and third parties
- B) helps companies improve intra-departmental communication
- C) is used by social networks to gain feedback on how to improve the user experience
- D) helps companies collect customer data from social media and share it among their customer-facing processes

Answer: D

Page Ref: 242

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

77) Certain online CRM service providers use a pay-as-you-go plan to charge the customers. Such a payment arrangement is called \_\_\_\_\_.

- A) indirect billing
- B) site licensing
- C) cloud servicing
- D) software as a service

Answer: D

Page Ref: 243

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

78) \_\_\_\_\_ is the preeminent cloud-based CRM vendor.

- A) SAS
- B) Salesforce.com
- C) NetSuite
- D) SAP

Answer: B

Page Ref: 243

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

79) Which of the following statements is true regarding Salesforce.com?

- A) Companies need to have their own database before using Salesforce.com.
- B) Salesforce.com keeps its customers' data in the cloud.
- C) The software offered by Salesforce.com lacks scalability.
- D) Start-up costs associated with using Salesforce.com are typically high.

Answer: B

Page Ref: 243

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

80) \_\_\_\_\_ is a multi-firm process of buying and selling goods and services using Internet technologies.

- A) Social engineering
- B) Value networking
- C) E-commerce
- D) Social networking

Answer: C

Page Ref: 245

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

81) According to the U.S. Census bureau, merchant companies are companies that \_\_\_\_\_.

- A) arrange for the sale of goods without owning them
- B) outsource their sales process
- C) own the goods they sell
- D) outsource a majority of their business processes

Answer: C

Page Ref: 245

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

- 82) According to the U.S. Census bureau, nonmerchant companies are companies that \_\_\_\_\_.  
A) outsource their sales process  
B) own the goods they sell  
C) manufacture the goods they sell  
D) arrange for the sale of goods without owning them

Answer: D

Page Ref: 245-246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

- 83) Freepages.com is a Web site that offers advertising space to companies. This Web site is an example of a \_\_\_\_\_ e-commerce concern.

- A) B2B
- B) B2C
- C) C2C
- D) B2G

Answer: A

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

- 84) Web storefronts, such as Amazon.com and LLBean.com, are information systems that support the sales process of \_\_\_\_\_ companies.

- A) B2G
- B) B2B
- C) B2C
- D) C2B

Answer: C

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

85) Clearinghouses \_\_\_\_\_.

- A) compare goods or services and take title to the goods that they sell
- B) provide information about e-commerce Web sites that support B2B sales
- C) provide goods and services at a stated price and arrange for the delivery of the goods
- D) facilitate the auction of goods and services and deliver products to the highest bidders

Answer: C

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

86) Which of the following is a key difference between auctions and clearinghouses?

- A) Auctions are used for low-value products whereas clearinghouses are used for high-value products.
- B) Clearinghouses take title to the goods they sell whereas auctions do not.
- C) Clearinghouses facilitate B2B sales whereas auctions facilitate B2B and B2C sales.
- D) Auctions support a competitive bidding process whereas clearinghouses sell at a stated price.

Answer: D

Page Ref: 246

Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

87) An electronic exchange \_\_\_\_\_.

- A) supports competitive bidding
- B) takes title to the goods it sells
- C) generates revenue only through advertising
- D) matches buyers and sellers

Answer: D

Page Ref: 246

Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

88) E-commerce leads to \_\_\_\_\_, which is the elimination of middle layers of distributors and suppliers.

- A) forward integration
- B) reintermediation
- C) backward integration
- D) disintermediation

Answer: D

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

89) Which of the following is true about e-commerce?

- A) E-commerce results in an increase in inventory-carrying costs.
- B) E-commerce facilitates better measurement of price elasticity.
- C) E-commerce decreases market efficiency.
- D) E-commerce reduces the flow of price data.

Answer: B

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the functions of customer relationship management (CRM) systems

90) Price elasticity measures the \_\_\_\_\_.

- A) price level at which a product or service covers its variable costs
- B) amount that demand rises or falls with changes in price
- C) impact of changes in the cost of production on the overall price of a commodity
- D) price level at which a product or service covers its fixed costs

Answer: B

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

91) What is a sale? What are the key activities in sales?

Answer: The business definition of a sale is an exchange of goods or services for money. More precisely, a sale is revenue from delivery of merchandise or a service where payment may be made in cash or other compensation. The sales process is an operational process with three main activities—sell, ship, and payment.

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Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

92) Discuss the importance of sales for a business.

Answer: For a business, sales is the most important process. Without sales, no one gets paid. Although sales is a complex and difficult process, it is also governed by a simple overriding principle: Satisfy the customer. The more a company knows about its customers and their needs, the better the chance it has to sell to them in the future.

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Difficulty: Easy

Chapter LO: 1

Course LO: Discuss the role of information systems in supporting business processes

93) Explain how a sales order was created at CBI before the implementation of SAP.

Answer: Prior to the implementation of SAP at CBI, the first activity in its sales process was Pre-Sales Actions. In this activity, the sales reps contacted customers, gave price quotes, verified the availability of products, checked on special terms, and confirmed delivery options. If the customer decided to order, then a sales order was created.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 2

Course LO: Discuss the role of information systems in supporting business processes

94) Briefly describe the problems that CBI's salespeople were facing before the implementation of SAP.

Answer: At CBI, the inventory data visible to salespeople in the warehouse database used to lag by one day. The updated inventory data was sent to the salespeople overnight so that when CBI opened in the morning the salespeople knew which bikes were available in inventory. At times, this led to the sale of bicycles which were no longer in inventory. Although the bicycles were in the inventory at the warehouse at the beginning of the day, those bicycles had already been sold. As a result, salespeople promised bikes and delivery dates to customers that could not be met. Input errors also used to occur.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes



95) Briefly describe the problems that the warehouse manager was facing at CBI before the implementation of SAP.

Answer: When a sale was made to a new customer, the warehouse used to pick and pack the order before receiving final permission to ship. The New Customer Order process was set up this way to reduce the time from order to delivery. Because of this process, when new customers were disapproved by accounting, the warehouse manager and his crew had to unpack and return the products to their shelves and update the inventory data in the warehouse database. A second issue was that the warehouse manager did not have any way to communicate with salespeople about upcoming supply disruptions.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

96) Briefly describe the problems that the accountants at CBI were facing before the implementation of SAP.

Answer: At CBI, the accounting department occasionally received payments from customers with incorrect or missing invoices. At times, the staff also credited the wrong account or made other update errors. These infrequent errors sometimes took hours to sort out and often damaged customer relations.

Delays also used to occur in checking the credit of new customers. This step had created a number of unwarranted shipment delays when credit checks took a long time to complete or when ambiguous credit scores were found.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 3

Course LO: Discuss the role of information systems in supporting business processes

97) What changes did CBI make to its strategy to implement the new SAP system?

Answer: To implement SAP successfully, the top management reexamined CBI's strategy and committed to a competitive strategy that focused on a particular industry segment—high-end bikes—and a differentiation on responsiveness to retailers. CBI then selected the SAP sales process most appropriate for this strategy.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 4

Course LO: Discuss the role of information systems in supporting business processes

98) What objectives did CBI's sales managers choose for the successful implementation of SAP?

Answer: Sales managers decided on one efficiency objective and two effectiveness objectives. The efficiency objective—fewer cancelled sales—was measured by the percentage of sales that were cancelled. A cancelled sale was one that was made but subsequently disapproved.

The first effectiveness objective—faster customer response—was measured by the time from sales order agreement to the arrival of ordered products. A second measure was the percentage of sales of first-year products. A second effectiveness objective was to reduce lost revenue from cancelled sales to their best customers. CBI wanted to be able to cancel lower revenue sales when they conflicted with higher revenue sales.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 4

Course LO: Discuss the role of information systems in supporting business processes

99) Explain the changes made to the sales process at CBI after the implementation of SAP.

Answer: The new sales process features the same three actors as the previous sales process—accountant, warehouse manager, and sales agent. However the three computer actors are reduced to the single SAP system that tracks all the sales data. The Pre-Sales Actions activity is the same with one exception. The inventory and price data are now current.

The Sales Order screen has a window called Create Standard Order. In this section, the sales agent enters customer number, the date of the transaction, and the transaction number. The PO Number is determined by the customer's numbering system. The PO date for the customer is the sales date for CBI- the date sale was made.

Once the sales agent saves the SO, SAP creates an SO number and updates the inventory table in the database. In addition to updating data, several other actions are triggered. First, a message is sent to the accounting department requesting credit approval and a decision to approve or disapprove the sale. A second action updates the assembly schedule for CBI.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

100) How are bills generated at CBI after the implementation of SAP?

Answer: After the warehouse has posted the goods issue and the bicycles have changed ownership, the accounting department receives a message that they can bill the customer. The accountant logs into SAP and navigates to the Billing Due List screen. The customer's number is entered in the Sold-To Party field and the DisplayBillList icon near the top of the screen is selected. On the following screen, the accountant adds the sales order and clicks the Save icon. This action triggers SAP to send a message to the customer. The message is the bill, which is also called an invoice.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

101) Describe the benefits of SAP for CBI's sales process.

Answer: Several general benefits of the new SAP system at CBI are immediately evident. Sales reps have access to the most current data in the one SAP database. The New Customer Approval activity is quicker, and, as a result, the warehouse no longer packs new customer orders before approval. Data on significant supply chain disruptions is made available to all in the organization.

With more accurate and up-to-date pricing and inventory data, there are fewer cancelled sales than before. CBI has increased responsiveness to customers, and now there are fewer cancelled sales to its best customers.

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Difficulty: Moderate

AACSB: Use of information technology

Chapter LO: 5

Course LO: Discuss the role of information systems in supporting business processes

102) Describe CRM processes and SCM processes.

Answer: Integrating the customer-facing processes and managing all the interactions with customers is called customer relationship management (CRM). The relationship of the sales process to other customer-facing processes and CRM is the same as the procurement process, other supply chain processes, and supply chain management (SCM). Like integration of processes across the supply chain, the integration of customer-facing processes is improved by sharing data and increasing process synergy. Sales and promotion are CRM processes.

Procurement and demand management are SCM processes.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

103) Briefly explain the benefit of sharing data such as receipts with customers using electronic media.

Answer: It is easier for you to return your merchandise if you have a receipt. If this receipt was e-mailed to you, it may be easier to find than a printed receipt. By using electronic receipts, your retailer's sales process has made your returns process easier. Rather than issue paper receipts, which are more costly and more frequently lost, many retailers are sharing receipt data with customers electronically by sending an e-mail or a message to a customer's smartphone. Not only does this reduce sales costs, an objective of the retailer's sales process, it also improves the customer's returns process, because customers can find their receipts more frequently.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

104) What is process synergy?

Answer: Process synergy occurs when processes are mutually supportive. When one process does well, the objectives of other process are also supported. Process synergy improves process in an organization.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Discuss the role of information systems in supporting business processes

105) Briefly describe the concept of social CRM.

Answer: Social CRM is an information system that helps a company collect customer data from social media and share it among its customer-facing processes. Social CRM data is collected through interactions on Facebook, Twitter, wikis, blogs, discussion lists, frequently asked questions, sites for user reviews, and other social media. Social CRM systems collect and distribute this data to a variety of customer processes.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

106) Describe the benefits that Salesforce.com offers businesses.

Answer: Salesforce.com is the preeminent cloud-based CRM vendor. Rather than purchasing CRM software and installing it on site, companies utilize a pay-as-you-go plan to use the online software and run it off site at Salesforce.com. This payment arrangement is also called software as a service. With over 80,000 customer firms, Salesforce.com is growing rapidly, particularly with small to medium-sized firms.

Salesforce.com helps a company integrate its customer processes in several ways. First, by keeping data in the cloud with Salesforce.com, a small company's data is stored in a format that is compatible with a wide variety of software. Because of the universal format, it is easier for the company to share this data among its various customer processes. Second, the software is scalable. A company can conduct a small-scale trial of the CRM software at one office to test the integration of its customer processes at one location before rolling it out to the whole company. Finally, start-up costs are zero when using Salesforce.com

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 6

Course LO: Describe the functions of customer relationship management (CRM) systems

107) Describe B2B, B2C, and B2G e-commerce companies.

Answer: The three main types of merchant companies are those that sell directly to consumers, those that sell to companies, and those that sell to government. Each uses slightly different IS in the course of doing business. B2C e-commerce concerns sales between a supplier and a retail customer (the consumer). IS that support the Sales process of B2C companies are typically Web storefronts that customers use to enter and manage their orders. Amazon.com, REI.com, and LLBean.com are examples of companies that use Web storefronts.

B2B e-commerce refers to sales between companies. Raw materials suppliers and other firms use interorganizational information systems like ERP systems to integrate B2B supply chains. B2G, or business-to-government merchants, sell to governmental organizations.

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Difficulty: Easy

AACSB: Use of information technology

Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world

108) Differentiate between auctions and clearinghouses.

Answer: Auctions match buyers and sellers by using an IS version of a standard auction. This application enables the auction company to offer goods for sale and to support a competitive-bidding process. The best-known auction company is eBay, but many other auction companies exist.

Clearinghouses provide goods and services at a stated price and arrange for the delivery of the goods, but they never take title. One division of Amazon.com, for example, operates as a nonmerchant clearinghouse, allowing individuals and used bookstores to sell used books on the Amazon.com Web site.

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Chapter LO: 7

Course LO: Describe the effects of e-commerce on the modern business world