Chapter 1

### Introduction to Business Processes

# True-False Questions

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|  1. | The most common organizational structure within modern organizations is the functional structure. Answer: True Difficulty: Easy Page Reference: 1Section: The Functional Organizational Structure Practice: |
|  2. | Losing sight of the big picture is commonly referred to as the silo effect.Answer: True Difficulty: Medium Page Reference: 2Section: The Functional Organizational Structure: The Silo Effect Practice: |
|  3. | Systems that support end-to-end processes are called business processes.Answer: False Difficulty: Medium Page Reference: 4Section: Business Processes Practice: |
|  4. | An enterprise system is a set of tasks or activities that produce desired outcomes.Answer: False Difficulty: Easy Page Reference: 2Section: The Functional Organizational Structure: Enterprise Systems Practice: |
|  5. | Without the various steps of the business process, a company can’t successfully bill customers and ship products.Answer: True Difficulty: Medium Page Reference: 4Section: Business Processes Practice: |
|  6. | The lifecycle data management*(design)* process supports the design and development of products from the initial product idea stage through the discontinuation of the product. Answer: True Difficulty: Medium Page Reference: 5Section: Business Processes Practice: |
|  7. | The material planning process is used to maintain internal assets such as machinery and to delivery after-sales customer services such as repairs.Answer: False Difficulty: Medium Page Reference: 5Section: Business Processes Practice: |
|  8. | The fulfillment process (sell) consists of all the steps involved in selling and delivering the products to the organization’s customers. Answer: True Difficulty: Medium Page Reference: 5Section: Business Processes Practice: |
|  9. | The financial accounting process focuses on internal reporting to manage costs and revenues.Answer: False Difficulty: Difficult Page Reference: 6Section: Business Processes Practice: |
|  10. | The procurement process includes all of the tasks involved in acquiring needed materials.Answer: True Difficulty: Medium Page Reference: 6Section: Business Processes: Procurement-Buy Practice:  |
|  11. | Within the production process, the issuing of raw materials takes place in the warehouse.Answer: True Difficulty: Difficult Page Reference: 7Section: Business Processes: Procurement-Make Practice:  |
|  12. | Materials encompass all the products, components, and parts that are used in an organization.Answer: True Difficulty: Medium Page Reference: 8Section: Business Processes: Material Planning-Plan Practice:  |
|  13. | Lead time is the time between placing the order and receiving confirmation that the item has been shipped.Answer: False Difficulty: Easy Page Reference: 8Section: Business Processes: Material Planning-Plan Practice:  |
|  14. | The purpose of material planning is to match supply with demand.Answer: True Difficulty: Medium Page Reference: 8Section: Business Processes: Material Planning-Plan Practice:  |
|  15. | Insufficient supply results in a situation called “stock out.”Answer: True Difficulty: Medium Page Reference: 8Section: Business Processes: Material Planning-Plan Practice:  |
|  16. | Excess supply will result in lower inventory costs because the company is eligible for a bulk rate.Answer: False Difficulty: Difficult Page Reference: 8Section: Business Processes: Material Planning-Plan Practice:  |
|  17. | Forecasts of finished goods are determined by data from material planning.Answer: True Difficulty: Medium Page Reference: 9Section: Business Processes: Material Planning-Plan Practice:  |
|  18. | Large warehouses do not need to move items as quickly and efficiently as smaller warehouses.Answer: False Difficulty: Medium Page Reference: 9Section: Business Processes: Inventory and Warehouse Management-Store Practice:   |
|  19. | Asset management is concerned with both the preventive and the corrective maintenance of an organization’s equipment.Answer: True Difficulty: Medium Page Reference: 10Section: Business Processes: Asset Management and Customer Service-Service Practice:  |
|  20. | Document management provides tools to manage and store documents securely and to keep track of the multiple versions of these documents.Answer: True Difficulty: Easy Page Reference: 10Section: Business Processes: Lifecycle Data Management-Design Practice:  |
|  21. | The final stage of asset management and customer service is the authorization maintenance stage.Answer: False Difficulty: Medium Page Reference: 11Section: Business Processes: Asset Management and Customer Service-Service Practice:  |
|  22. | The final stage of the customer service process is the settlement stage.Answer: True Difficulty: Easy Page Reference: 11Section: Business Processes: Asset Management and Customer Service-Service Practice:  |
|  23. | A project is permanent in nature and is typically associated with smaller, simpler projects.Answer: False Difficulty: Medium Page Reference: 11Section: Business Processes: Project Management-Projects Practice:  |
|  24. | During the planning phase of a project the scope of the project is defined and the milestones and deadlines are established. Answer: True Difficulty: Easy Page Reference: 12Section: Business Processes: Project Management-Projects Practice:  |
|  25. | Projects rely on resources located in and work performed in other processes.Answer: True Difficulty: Medium Page Reference: 12Section: Business Processes: Project Management-Projects Practice:  |
|  26. | Common reports of financial accounting include income statement, profit and loss, and balance sheet. Answer: True Difficulty: Medium Page Reference: 12Section: Business Processes: Financial Accounting-Track for External Reporting Practice:  |
|  27. | Accounts payable is used to track money owed by customers.Answer: False Difficulty: Easy Page Reference: 13Section: Business Processes: Financial Accounting-Track for External Reporting Practice:  |
|  28. | Asset accounting is concerned with tracking financial data related to assets such as machinery and cars.Answer: True Difficulty: Medium Page Reference: 13Section: Business Processes: Financial Accounting-Track for External Reporting Practice:  |
|  29. | Accounts receivable is used to track money that is owed to vendors.Answer: False Difficulty: Easy Page Reference: 13Section: Business Processes: Financial Accounting-Track for External Reporting Practice:  |
|  30. | Management accounting helps an organization track costs and revenues to assess its profitabilityAnswer: True Difficulty: Medium Page Reference: 13Section: Business Processes: Management Accounting-Track for Internal Reporting Practice:  |

**Test Bank Files:**

