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: 1  Section: 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: 2  Section: 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: 4  Section: Business Processes Practice: |
| 4. | An enterprise system is a set of tasks or activities that produce desired outcomes. Answer: False Difficulty: Easy Page Reference: 2  Section: 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: 4  Section: 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: 5  Section: 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: 5  Section: 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: 5  Section: Business Processes Practice: |
| 9. | The financial accounting process focuses on internal reporting to manage costs and revenues. Answer: False Difficulty: Difficult Page Reference: 6  Section: Business Processes Practice: |
| 10. | The procurement process includes all of the tasks involved in acquiring needed materials. Answer: True Difficulty: Medium Page Reference: 6  Section: 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: 7  Section: 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: 8  Section: 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: 8  Section: Business Processes: Material Planning-Plan Practice: |
| 14. | The purpose of material planning is to match supply with demand.  Answer: True Difficulty: Medium Page Reference: 8  Section: Business Processes: Material Planning-Plan Practice: |
| 15. | Insufficient supply results in a situation called “stock out.”  Answer: True Difficulty: Medium Page Reference: 8  Section: 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: 8  Section: Business Processes: Material Planning-Plan Practice: |
| 17. | Forecasts of finished goods are determined by data from material planning.  Answer: True Difficulty: Medium Page Reference: 9  Section: 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: 9  Section: 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: 10  Section: 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: 10  Section: 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: 11  Section: 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: 11  Section: 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: 11  Section: 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: 12  Section: 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: 12  Section: 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: 12  Section: 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: 13  Section: 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: 13  Section: 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: 13  Section: Business Processes: Financial Accounting-Track for External Reporting Practice: |
| 30. | Management accounting helps an organization track costs and revenues to assess its profitability  Answer: True Difficulty: Medium Page Reference: 13  Section: Business Processes: Management Accounting-Track for Internal Reporting Practice: |