

UNIVERSITY OF SWAZILAND

FACULTY OF COMMERCE

DEPARTMENT OF BUSINESS ADMINISTRATION

MAIN EXAMINATION 2006

TITLE OF PAPER: MANAGEMENT INFORMATION SYSTEMS II

DEGREE AND YEAR: BCOM

COURSE NUMBER: BA 416

TIME ALLOWED: TWO (2) HOURS

INSTRUCTIONS: 1. THIS PAPER CONSISTS OF SECTIONS (A) AND (B)

2. THE CASE STUDY SECTION (A) IS COMPULSORY

3. ANSWER ANY TWO QUESTIONS FROM SECTION B.

Note MARKS WILL BE AWARDED FOR GOOD COMMUNICATION IN ENGLISH AND FOR ORDERLY PRESENTATION OF WORK

THIS EXAMINATION PAPER SHOULD NOT BE OPENED UNTIL PERMISSION HAS BEEN GRANTED BY THE INVIGILATOR.

SECTION A

Sherwood stores is a retail store chain with a central distribution centre and 14 retail stores in a major metropolitan area. Managers at all levels at the head office at the distribution centre and in the retail stores use reports from various information systems. One of the important information systems is the inventory system that keeps track of physical inventory by product line. Sales information gathered at point of sale checkout terminals, is used to update inventory levels. At the end of each day, the store manager receives a re-order report indicating which items in inventory have reached their reorder point and need to be recorded from the distribution centre. The inventory system also includes a report of items on order by product line prices and expected delivery dates.

Each department manager within each store, develops a sales plan that indicates the expected sales volume for each item for the subsequent week. Actual sales for each item are compared with the planned sales activity on a weekly basis and a sales analysis summary report is generated that provides information on planned versus actual sales for each item. Department managers in each store use this report to develop a new weekly sales plan. The report is also useful in determining new safety stock levels for each inventory item and for estimating shelf-space allocations.

All orders from the local stores are filled from the central distribution centre. The distribution purchases inventory from supplies and allocates it to the local stores based on a sales forecasting report. If a local store needs to replenish its stock because an item has fallen below a desired inventory level, the store manager can request additional stock from the central distribution centre. At the central distribution centre, a purchasing system is used to generate purchase orders for stock. One by product of this purchasing system is a purchase order due-in report that indicates when shipments are scheduled to arrive, the shipper, and the warehouse location for the shipped merchandise. Another report helps monitor the performance of various suppliers by providing information on planned versus actual shipment dates and the quality of the shipped merchandise. For example, if six cases of eggs are damaged in shipment, the damage is indicated on the shipment report. In addition, an accounts payable system keeps track of payment amounts and due dates for Sherwood's suppliers.

Sherwood Stores, Inc has 24 truck making deliveries to local stores daily. An information system provides drivers with a computerized schedule of stores deliveries. Distribution managers develop standards for truck unloading based on shipment quantity and weight. Actual delivery data are compared with delivery in reports to distribution managers. Finally, planners on the head staff use external market data and demographic data to forecast sales trends in various regions. They build these data into reports that analyse the sales potential of alternative store sites. Store site selection is an important issue for top managers at Sherwood Stores, Inc. because they would like to expand the number of stores from 14 to 24 within the next three to five years. The information systems at Sherwood Stores Inc. are essential to its ability to control inventories, manage the distribution process, and analyse sales trends affecting various product line and store sites.

Questions

- a) What information systems are described in the case? 10 marks
- b) What business objectives are supported by each system? 15 marks
- c) What level of decision making does each information system support?
15 marks
- d) Show the various dimensions influencing risk, and identify eight (8) distinct project categories with varying degrees of implementation risk in a matrix table. 10 marks

SECTION B

Answer any two Questions

Question 1

Setting of prices is an emotional and rapidly changing process. It is a very important element in establishing a business-like professional relationship between the IT business and its customers. Discuss the issues that influence pricing in the IT marketing mix. 25 marks

Question 2

A number of intense pressures encourage users to exercise stronger control over their systems development resources and acquisition of independent IT resources. Discuss the pressures towards user dominance.

25 marks

Question 3

How best can an IT outsourcing alliance be structured to ensure mutual benefit? 25 marks

Question 4

Discuss the five (5) basic forces that shape the economic and competitive forces in an industry segment. 25 marks

Pennsylvania. He later learned that Mr. Diamond had offered the sales management job to Dan but had turned it down for two reasons: He did not want to take the pay cut and he did not want to move to Chicago. Being paid on a straight commission, Dan's earnings had been substantially higher than the sales manager's salary. However, that had changed. His earnings had declined with his sales volume.

Dave paused after Kurt stopped talking and then said, "Do you want an answer or was that just some therapy we went through?" He didn't wait for a verbal answer. One was written on Kurt's face. "OK, no need to give you the Dan Ricker history. We both know how much he has done for us. He's been a top producer for years. And he has been loyal to us. Time and again, some competitor has tried to lure him away from us but he's been one of us all the way. So don't you think we should cut him a little slack, give him time to work out his problems?"

Kurt replied, "I recall a punch line that went, 'what have you done for me lately.' And what do you mean problems?" Kurt asked. "What's going on?"

"Evidently more things than Dan can handle all at once. First, you remember his daughter Kay and that guy she married. Well, he lost his job at IBM and hasn't been able to find another one. He's been out of work for a year. They had to sell their home and have moved in with Dan, two kids and all. So now Dan is out about \$40 000 a year trying to keep Kay's family intact. If that wasn't enough, his son Matt has gotten into some serious legal trouble with substance abuse and that's also costing Dan a lot of money and worry. To top that off, I'm not so sure about his health. He won't say anything but he's dragging a bit, doesn't look too good to me."

Dave shook his head as he continued, "I've talked with him about his problems but what can I say. I haven't any solutions for them except to let him work them out. It'll take some time, but these things will work themselves out. Dan's no fool and he's working on them. Then he will come back with us full time."

Kurt responded, "Come on. Give me a break. Dan is over the hill. He's a tired old man. Tired of working. Tired of hustling and for what? For a few more bucks for us? Get Real!" He continued, "If you don't do something we'll be losing some key account and well, never mind."

The discussion was suddenly interrupted by a telephone call for Dave. It was from a buyer at J. C. Penney.

- a. What should Dave Mitchell do about Dan Ricker? (15)
- b. Assume you are Dan Ricker. What would you do in response to what was recommended in the first question? (10)

TOTAL: 25 MARKS

SECTION B

ANSWER ANY THREE (3) QUESTIONS FROM THIS SECTION

QUESTION 2

- a. **Briefly contrast the basic approaches to sales force compensation. Which plan is the best? (15 marks)**
- b. **Traditionally, many firms felt that “good sales people are born not made”. Is this true. Justify your answer. (10 marks)**

TOTAL: 25 MARKS

QUESTION 3

- a. **How can the sales force be organised. State one advantage and one disadvantage of each type of organisation. (15 marks)**
- b. **The Sales Force Manager of XYZ Corporation is upset. Only 10% of the sales force met or exceeded the quota. He wants to announce at the annual sales meeting that only those who met the quota will receive a salary increase. Do you agree with this strategy? Why? (10 marks)**

TOTAL: 25 MARKS

QUESTION 4

- a. **Outline the steps in the personal selling process. (15 marks)**
- b. **What is meant by relationship selling. Why is it becoming such an important factor in personal selling? (10 marks)**

TOTAL: 25 MARKS

QUESTION 5

- a. Describe how sales people can be specialised giving one criticism of the effectiveness of each method. (15)

- b. What are the benefits of budgeting for the sales department. (10)

TOTAL: 25 MARKS

QUESTION 6

- a. Discuss the benefits and limitations of sales territories (15)

- b. How can a Sales Force Manager determine the accuracy of sales people's reports? (10)

TOTAL: 25 MARKS