Chapter 5
Initiating and Planning Systems Development Projects

Multiple Choice Questions

1. As a rule of thumb estimate, what percentage of the entire development effort should be devoted to the project initiation and planning process?
   a. between 10 and 20 percent
   b. less than 5 percent
   c. less than 10 percent
   d. between 20 and 30 percent

   **Answer:** a  **Difficulty:** Med  **Reference:** p. 122

2. Activities designed to assist in organizing a team to conduct project planning is the focus of:
   a. project planning
   b. project identification and selection
   c. project initiation
   d. analysis

   **Answer:** c  **Difficulty:** Med  **Reference:** p. 123

3. How is project planning distinct from general information systems planning?
   a. General information systems planning focuses on assessing the information systems needs of the entire organization.
   b. Project planning focuses on assessing the information systems needs of the entire organization.
   c. General information systems planning focuses on defining clear, discrete activities and the work needed to complete each activity within a single project.
   d. Project planning focuses on defining discrete activities needed to complete all projects.

   **Answer:** a  **Difficulty:** Med  **Reference:** p. 123

4. Which of the following is not an element of project initiation?
   a. establishing management procedures
   b. dividing the project into manageable tasks
   c. establishing a relationship with the customer
   d. establishing the project initiation team

   **Answer:** b  **Difficulty:** Med  **Reference:** p. 124
5. The objective of the project planning process is:

a. the development of a Baseline Project Plan and Statement of Work
b. the development of a Systems Service Request
c. the development of entity relationship diagrams
d. the development of transitional operations plans

**Answer:** a  **Difficulty:** Med  **Reference:** p. 124

6. Which of the following is an element of project planning?

a. establishing management procedures
b. establishing a relationship with the customer
c. estimating resources and creating a resource plan
d. establishing the project management environment and project workbook

**Answer:** b  **Difficulty:** Med  **Reference:** p. 124

7. The Baseline Project Plan:

a. contains all information collected and analyzed during project initiation and planning
b. specifies detailed project activities for the next life cycle phase, analysis, and less detail for subsequent project phases
c. is used by the project selection committee to help decide if the project should be accepted, redirected, or canceled
d. all of the above

**Answer:** d  **Difficulty:** Med  **Reference:** p. 124

8. A major outcome and deliverable from the project initiation and planning phase that contains the best estimate of a project’s scope, benefits, costs, risks, and resource requirements defines the:

a. Baseline Project Plan
b. Information Systems Plan
c. Mission Statement
d. Statement of Work

**Answer:** a  **Difficulty:** Med  **Reference:** p. 124

9. The Statement of Work:

a. is a short document prepared for the customer that describes what the project will deliver and outlines all work required to complete the project
b. is useful for ensuring that both you and your customer gain a common understanding of the project
c. is a very easy document to create because it typically consists of a high-level summary of the BPP information
d. all of the above

**Answer:** d  **Difficulty:** Med  **Reference:** p. 124
10. A document prepared for the customer during project initiation and planning that describes what the project will deliver and outlines generally at a high level all work required to complete the project is the:

   a. Information Systems Plan
   b. Statement of Work
   c. Mission Statement
   d. Baseline Project Plan

Answer: b  Difficulty: Med  Reference: p. 124

11. To identify the financial benefits and costs associated with the development project is the purpose of:

   a. economic feasibility
   b. technical feasibility
   c. operational feasibility
   d. schedule feasibility

Answer: a  Difficulty: Med  Reference: p. 126

12. Cost reduction and avoidance, error reduction, and increased flexibility are examples of:

   a. intangible benefits
   b. qualitative benefits
   c. tangible benefits
   d. legal and contractual benefits

Answer: c  Difficulty: Med  Reference: p. 128

13. A savings of $3,000 resulting from a data entry error correction would most likely be classified as a(n):

   a. intangible benefit
   b. qualitative benefit
   c. tangible benefit
   d. operational benefit

Answer: c  Difficulty: Med  Reference: p. 128

14. A benefit derived from the creation of an information system that can be measured in dollars and with certainty is a(n):

   a. intangible benefit
   b. qualitative benefit
   c. tangible benefit
   d. operational benefit

Answer: c  Difficulty: Med  Reference: p. 128
15. Tangible benefits would include:
   a. improved organizational planning
   b. ability to investigate more alternatives
   c. improved asset control utilization
   d. lower transaction costs

Answer: d  Difficulty: Med  Reference: p. 129

16. A cost associated with an information system that can be measured in dollars and with certainty is referred to as a(n):
   a. economic cost
   b. tangible cost
   c. intangible cost
   d. one-time cost

Answer: b  Difficulty: Med  Reference: p. 129

17. Which of the following would be classified as a tangible cost?
   a. loss of customer goodwill
   b. cost of hardware
   c. employee morale
   d. operational inefficiency

Answer: b  Difficulty: Med  Reference: p. 129

18. Capital costs, management and staff time, and consulting costs are examples of:
   a. project-related costs
   b. operating costs
   c. start-up costs
   d. procurement costs

Answer: d  Difficulty: Hard  Reference: p. 129

19. Which of the following would be classified as an intangible cost?
   a. hardware costs
   b. labor costs
   c. employee morale
   d. operational costs

Answer: c  Difficulty: Med  Reference: p. 129

20. A cost associated with an information system that cannot be easily measured in terms of dollars or with certainty refers to:
   a. economic cost
   b. tangible cost
   c. intangible cost
   d. one-time cost

Answer: c  Difficulty: Med  Reference: p. 129
21. A cost associated with project start-up and development or system start-up refers to a(n):
   a. recurring cost
   b. one-time cost
   c. incremental cost
   d. infrequent cost

   **Answer:** b  **Difficulty:** Med  **Reference:** p. 130

22. The concept of comparing present cash outlays to future expected returns best defines:
   a. cost/benefit analysis
   b. internal rate of return
   c. time value of money
   d. investment return analysis

   **Answer:** c  **Difficulty:** Med  **Reference:** p. 131

23. The rate of return used to compute the present value of future cash flows refers to:
   a. discount rate
   b. investment rate
   c. transfer rate
   d. future cash flow rate

   **Answer:** a  **Difficulty:** Med  **Reference:** p. 132

24. The current value of a future cash flow is referred to as its:
   a. future value
   b. present value
   c. investment value
   d. discount rate

   **Answer:** b  **Difficulty:** Med  **Reference:** p. 132

25. The analysis technique that uses a discount rate determined from the company’s cost of capital to establish the present value of a project is commonly called:
   a. return on investment (ROI)
   b. break-even analysis (BEA)
   c. net present value (NPV)
   d. future value (FV)

   **Answer:** c  **Difficulty:** Med  **Reference:** p. 134

26. The analysis technique that finds the amount of time required for the cumulative cash flow from a project to equal its initial and ongoing investment is referred to as:
   a. return on investment (ROI)
   b. break-even analysis (BEA)
   c. net present value (NPV)
   d. future value (FV)

   **Answer:** b  **Difficulty:** Med  **Reference:** p. 134
27. To gain an understanding of the organization’s ability to construct the proposed system is the purpose of:
   a. operational feasibility
   b. schedule feasibility
   c. technical feasibility
   d. political feasibility

   Answer: c       Difficulty: Med       Reference: p. 135

28. An assessment of the development group’s understanding of the possible target hardware, software, and operating environments, system size, complexity, and the group’s experience with similar systems should be included as part of:
   a. technical feasibility
   b. political feasibility
   c. operational feasibility
   d. schedule feasibility

   Answer: a       Difficulty: Med       Reference: p. 135

29. When conducting a technical risk assessment, which of the following is true?
   a. A project has a greater likelihood of experiencing unforeseen technical problems when the development group lacks knowledge related to some aspect of the technology environment.
   b. Large projects are riskier than small projects.
   c. Successful IS projects require active involvement and cooperation between the user and development groups.
   d. all of the above

   Answer: d       Difficulty: Med       Reference: p. 135

30. A new system or the renovation of existing systems, user perceptions, and management commitment to the system are examples of which of the following risk factors?
   a. development group
   b. project structure
   c. project size
   d. user group

   Answer: b       Difficulty: Hard       Reference: p. 136

31. To gain an understanding of the likelihood that all potential time frame and completion date schedules can be met and that meeting these dates will be sufficient for dealing with the needs of the organization is the purpose of:
   a. schedule feasibility
   b. operational feasibility
   c. technical feasibility
   d. political feasibility

   Answer: a       Difficulty: Med       Reference: p. 137
32. The process of assessing potential legal and contractual ramifications due to the construction of a system refers to:
   a. technical feasibility
   b. legal and contractual feasibility
   c. economic feasibility
   d. operational feasibility
   Answer: b  Difficulty: Med  Reference: p. 138

33. To gain an understanding of how key stakeholders within the organization view the proposed system is the purpose of:
   a. technical feasibility
   b. legal and contractual feasibility
   c. political feasibility
   d. operational feasibility
   Answer: c  Difficulty: Med  Reference: p. 138

34. During project initiation and planning, the most crucial element of the design strategy is:
   a. the physical design statement
   b. the system's scope
   c. the identification of the business mission
   d. the logical design statement
   Answer: b  Difficulty: Med  Reference: p. 139

35. A peer group review of any product created during the system development process refers to:
   a. walkthrough
   b. feasibility assessment
   c. joint application discussion
   d. product evaluation
   Answer: a  Difficulty: Med  Reference: p. 143

36. At a walkthrough meeting, the person who plans the meetings and facilitates a smooth meeting process is referred to as the:
   a. presenter
   b. coordinator
   c. standards bearer
   d. maintenance oracle
   Answer: b  Difficulty: Med  Reference: p. 143
37. At a walkthrough meeting, the person who ensures that the work product adheres to organizational technical standards is referred to as the:

a. coordinator  
b. user  
c. maintenance oracle  
d. standards bearer

**Answer:** d  
**Difficulty:** Med  
**Reference:** p. 144

38. Which of the following is an example of a web-based platform cost?

a. ongoing design fees  
b. server software  
c. direct mail  
d. training and travel

**Answer:** b  
**Difficulty:** Hard  
**Reference:** p. 147

39. Which of the following is an example of a web-based marketing cost?

a. support staff  
b. web-hosting service  
c. graphics staff  
d. paid links to other Web sites

**Answer:** d  
**Difficulty:** Med  
**Reference:** p. 147

40. Which of the following is an example of a web-based content and service cost?

a. web project manager  
b. firewall server  
c. advertising sales staff  
d. promotions

**Answer:** a  
**Difficulty:** Hard  
**Reference:** p. 147

“List …” Type Questions

1. List 10 major activities during project planning.

   **Answer:** PPT slide  
   **Difficulty:** Difficult

2. Provide 5 examples of tangible benefits of using a personal computer at home (dorm), in a school and/or in the office.

   **Answer:** PPT slide  
   **Difficulty:** Med
3. Provide 5 examples of intangible benefits of using a personal computer at home (dorm), in the school and/or in the office.

Answer: PPT slide Difficulty: Med

4. List 4 different types of costs for IS development project.

Answer: PPT slide Difficulty: Med

5. List 5 types of experts (roles) that are involved into Structured Walkthrough (Formal Technical Review) process.

Answer: PPT slide Difficulty: Med

6. Provide answers for Exercise 7, p. 151 in a form of table (like Figure 5-7 on p. 133)

Answer: PPT slide Difficulty: Med

7. Provide answers for Exercise 8, p. 151 in a form of table (like Figure 5-7 on p. 133)

Answer: PPT slide Difficulty: Med

8. Provide answers for Exercise 9, p. 151 in a form of table (like Figure 5-7 on p. 133)

Answer: PPT slide Difficulty: Med

9. Provide answers for Exercise 11, p. 151 in a form of table (like Figure 5-7 on p. 133)

Answer: PPT slide Difficulty: Med

10. Provide answers for Exercise 12, p. 151 in a form of table (like Figure 5-7 on p. 133)

Answer: PPT slide Difficulty: Med

11. Provide answers for Exercise 13, p. 151 in a form of table (like Figure 5-7 on p. 133)

Answer: PPT slide Difficulty: Med