 DECA
**SCHOOL-BASED
ENTERPRISE
CERTIFICATION EXAM**
STUDENT STUDY GUIDE

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WHAT TO EXPECT



An Overview of the SBE Certification Exam

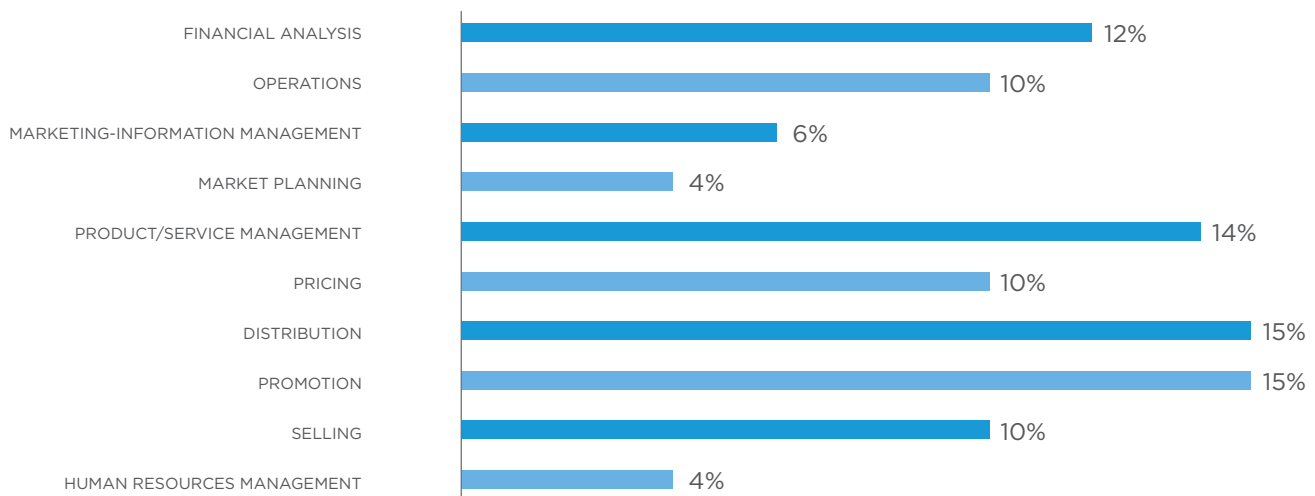
The DECA School-based Enterprise Certification Exam serves as an important component to building a resume in preparation for college and your future career, helps develop your critical thinking and problem solving skills, and verifies your competency in specific skill areas, adding value to transcripts and job applications. The exam measures the effectiveness of your involvement in a school-based enterprise and the impact your experience has on learning about key business operations concepts.

Any active DECA member may take the exam - experience working in a school-based enterprise is highly recommended although not required. The exam is administered online through a testing website. Your DECA advisor or other assigned proctor will provide you with a unique username and password to access the website on your testing day. You will have 90 minutes to complete 100 multiple choice questions. To earn a certification, a score of 70% or higher must be achieved.

- 100 MULTIPLE CHOICE QUESTIONS
- 90 MINUTE TIME LIMIT
- ADMINISTERED ONLINE VIA SECURE TESTING WEBSITE
- STUDENTS MUST SCORE 70% OR HIGHER TO RECEIVE CERTIFICATION

INSTRUCTIONAL AREAS

PERCENTAGE OF QUESTIONS



STUDY CHECKLIST



This section defines the topics covered on the exam and key terms and concepts to study.

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FINANCIAL ANALYSIS STUDY CHECKLIST



DO YOU KNOW:

- How to calculate business profit?
- The importance and methods for maintaining financial records?
- Types of bookkeeping systems – (single entry, double entry)?
- The importance and advantages of accounting standards and principles?
- The formula for preparing a monthly cash flow statement and its key components and purpose?
- How to use credit responsibly?
- What information is included on a balance sheet and what purpose does it serve?
- Why an income statement is important to a business and what information it shows?
- The steps involved in opening and closing a cash drawer/cash register?



KEY TERMS TO REVIEW:

Profit

Single-Entry Bookkeeping

Double-Entry Bookkeeping

Cash Flow Statement

Balance Sheet

Income Statement

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Finance_Instructional_Unit.pdf

OPERATIONS STUDY CHECKLIST



DO YOU KNOW:

- How to help employees use equipment and machinery?
- The importance of employees following instructions on the job?
- The purpose of health and safety regulations?
- How to respond to safety hazards?
- Security methods for loss prevention?
- Types of theft?



KEY TERMS TO REVIEW:

Shrinkage
Loss Prevention
Burglary
Robbery

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Operations_Instructional_Unit.pdf

MARKETING- INFORMATION MANAGEMENT STUDY CHECKLIST



DO YOU KNOW:

- What a buying power index is and what variables it includes?
- The types of market studies involved in analyzing a potential trading area?
- How to determine price sensitivity?
- How to analyze competition?



KEY TERMS TO REVIEW:

Trading area
Buying power index
Outshopper analysis
Market research

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Marketing-Information_Management_Instructional_Unit.pdf

MARKET PLANNING STUDY CHECKLIST



DO YOU KNOW:

- The psychographic attributes involved in profiling a target customer?
- How to determine customer demand for merchandise?
- How to determine and meet the needs of a target market?

KEY TERMS TO REVIEW:

Psychographics
Geographics
Demographics

Behavioral Characteristics
Mass Marketing
Target market

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Market_Planning_Instructional_Unit.pdf

PRODUCT/ SERVICE MANAGEMENT STUDY CHECKLIST



DO YOU KNOW:

- What to consider when choosing the quality of merchandise to offer?
- Types of merchandise assortment plans?
- How to calculate stock turnover rates?
- Factors to consider when choosing suppliers/vendors?
- Types of merchandise price reductions and reasoning for planning reductions?



KEY TERMS TO REVIEW:

Stock turnover

Product mix

Reductions

Product width

Product depth

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Product-Service_Management_Instructional_Unit.pdf

PRICING STUDY CHECKLIST



DO YOU KNOW:

- What factors to consider when making pricing decisions?
- The types of pricing strategies? (Prestige, promotional, odd-even, cost-plus, multiple-unit, discount)
- How to evaluate pricing decisions?

KEY TERMS TO REVIEW:

Prestige Pricing

Promotional Pricing

Odd-even Pricing

Cost-plus Pricing

Multiple-Unit Pricing

Discount Pricing

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Pricing_Instructional_Unit.pdf

DISTRIBUTION STUDY CHECKLIST



DO YOU KNOW:

- How distribution can affect customer service?
- How to receive merchandise and resolve discrepancies with vendors?
- What considerations to factor in to storing merchandise?
- How to conduct inventory counts and why it's important?
- What is shrinkage and how to measure it?

KEY TERMS TO REVIEW:

Shrinkage
Inventory
Distribution
Receiving

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Distribution_Management_Instructional_Unit.pdf

PROMOTION STUDY CHECKLIST



DO YOU KNOW:

- What elasticity of demand is and how to calculate it?
- Types of promotions and how to determine when is best to use them?
- Types of display arrangements and how they're utilized?
- The significance of promotional plan objectives and how to measure a plan's results?
- What is cross merchandising and why is it used?

KEY TERMS TO REVIEW:

Elasticity of demand

Promotion

Cross merchandising

Visual merchandising

Promotional strategy

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Promotion_Instructional_Unit.pdf

SELLING STUDY CHECKLIST



DO YOU KNOW:

- Types of sales approaches/tactics?
- Types of buying decisions?
- How to use suggestion selling?
- Methods for documenting a sales transaction?
- The importance behind documenting transactions?
- How to process returns/exchanges?

KEY TERMS TO REVIEW:

- Suggestion selling**
- Greeting approach**
- Service approach**
- Merchandise approach**

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Selling_Instructional_Unit.pdf

HUMAN RESOURCES MANAGEMENT STUDY CHECKLIST



DO YOU KNOW:

- How to train employees through the “show and tell” method?
- The methods for motivating employees?
- How to show appreciation to employees?
- The components of a positive work environment?



KEY TERMS TO REVIEW:

Product show and tell
Employee appreciation

ADDITIONAL RESOURCE:

http://www.deca.org/wp-content/uploads/2014/08/hs_sbe_Human_Resources_Management_Instructional_Unit.pdf

PERFORMANCE INDICATOR CHECK LIST:



FINANCIAL ANALYSIS

- Maintain financial records
- Demonstrate the wise use of credit
- Explain the need for accounting standards (GAAP)
- Prepare cash flow statements
- Explain the nature of balance sheets
- Describe the nature of income statements

OPERATIONS

- Describe health and safety regulations in business
- Follow instructions for use of equipment, tools, and machinery
- Follow safety precautions
- Explain routine security precautions
- Devise/Enact merchandise security measures to minimize inventory shrinkage
- Prepare cash drawers/banks
- Open/Close register/terminal

MARKETING INFORMATION MANAGEMENT

- Scan marketplace to identify factors that could influence merchandising decisions
- Analyze competitors' offerings
- Assess trading area
- Determine price sensitivity

MARKET PLANNING

- Profile target customer
- Determine market needs

PRODUCT/SERVICE MANAGEMENT

- Determine quality of merchandise to offer
- Select mix of brands
- Plan merchandise assortment (e.g., styling, sizes, quantities, colors)
- Develop seasonal assortment strategies
- Identify components of a retail image
- Plan reductions (e.g., anticipated markdowns, employee/other discounts, stock shortages, etc.)
- Determine stock turnover
- Determine when to buy/reorder
- Choose vendors

PRICING

- Adjust prices to maximize profitability
- Determine cost of product (breakeven, ROI, markup)
- Describe pricing strategies
- Develop seasonal pricing strategies
- Evaluate pricing decisions

PERFORMANCE INDICATOR CHECK LIST:



DISTRIBUTION

- Explain the relationship between customer service and distribution
- Explain the receiving process
- Resolve problems with incoming shipments
- Explain storing considerations
- Complete inventory counts
- Determine inventory shrinkage
- Establish system for processing dead/excess merchandise
- Assess sales and stock performance

PROMOTION

- Explain the use of visual merchandising in retailing
- Create promotional signs
- Plan special events
- Prepare facility for special event
- Use cross-merchandising techniques
- Explain types of display arrangements
- Plan promotional strategy (promotional objectives, budget, promotional mix, etc.)
- Measure success of promotional efforts

SELLING

- Establish relationship with client/customer
- Determine customer/client needs
- Recommend specific product
- Demonstrate suggestion selling
- Process returns/exchanges
- Process retail sales documentation

HUMAN RESOURCES MANAGEMENT

- Conduct product “show and tell”
- Conduct contests to motivate employees
- Foster “right” environment for employees
- Hold special events for employees

SAMPLE QUESTIONS



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The following questions are similar to the types of questions that appear on the exam. These exact questions do not appear on the exam, but serve as examples of the type of questions and how they are written.

- 1. As Tom uses his credit card to make purchases in a responsible manner, he should remember that credit is a(n)**
 - A. privilege.
 - B. loan.
 - C. asset.
 - D. tax.

- 2. What is a benefit to a business of having written records of financial transactions?**
 - A. Information is accurate, accessible, and meaningful.
 - B. Accounting is simplified and less detailed.
 - C. Expenses are reduced, and income is increased.
 - D. Investments are increased, and profit is reinvested.

- 3. Most businesses provide employee orientation as soon as new employees report for work because**
 - A. orientation focuses on specific job tasks.
 - B. that is when employees are anxious to learn.
 - C. employees can learn everything in the beginning.
 - D. employees can't work until they have been oriented.

- 4. Which of the following is an example of an unsafe condition?**
 - A. Falling asleep on the job
 - B. Horseplay
 - C. Broken handrail on a stairway
 - D. Using machinery before reading instructions

- 5. Heyman's discount store planned to participate in a variety of promotional activities in order to meet its goal of increasing the store's market share. Heyman's promotional plan is a marketing**
 - A. tactic.
 - B. strategy.
 - C. concept
 - D. objective.

- 6. Calculate the stock-turn rate for an item when the total number of units sold is 6,225, and the average number of items in stock is 1,245.**
 - A. 7
 - B. 3
 - C. 4
 - D. 5

SAMPLE QUESTIONS



7. **When a customer asks for a particular item, and the salesperson recommends a different item to satisfy the needs of that customer, the salesperson is engaging in**
- A. suggestion selling.
 - B. product knowledge.
 - C. product substitution.
 - D. buying signals.
8. **Sweepstakes and contests are examples of communications channels often used in**
- A. sales promotions.
 - B. advertising campaigns.
 - C. publicity programs.
 - D. media commercials.
9. **The Fragrantly Yours Flower Shop determined that it sells between 35 and 50 dozen red roses each week. What measure is the flower shop using to analyze**
- A. Average
 - B. Range
 - C. Median
 - D. Mod
10. **What process do businesses follow in order to direct and control all phases in the life of a good or service?**
- A. Idea positioning
 - B. Product managing
 - C. Concept testing
 - D. Growth marketing

SAMPLE QUESTION ANSWER KEY AND EXPLANATIONS



1. **As Tom uses his credit card to make purchases in a responsible manner, he should remember that credit is a(n)**

- A. privilege.
- B. loan.
- C. asset.
- D. tax.

ANSWER: B

Loan. A loan is a sum of money lent to a person or business for a specific time period that is repayable with interest. Credit is the arrangement by which a person purchases now and pays later. A lending institution issues credit cards, which allow people to purchase now and pay later. The lender provides credit-card users with a limit within which they can charge purchases. The lender pays for the purchases and then sends the credit-card user a bill/statement each month that indicates the monthly minimum payment and interest charges due to the lender. It is important for people to pay credit-card balances responsibly so they do not accumulate so much debt that they cannot afford to pay the lender. Using credit for purchases helps a person build a personal credit history, which lenders consider when a person applies for a large loan to purchase a car or a house. An asset is something of value that a person owns. Credit is not an asset or a tax. Because credit is so widely used, it is not necessarily a privilege. SOURCE: FI:071 SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2005). Personal finance (pp. 170-172). New York: Glencoe/McGraw-Hill.

2. **What is a benefit to a business of having written records of financial transactions?**

- A. Information is accurate, accessible, and meaningful.
- B. Accounting is simplified and less detailed.
- C. Expenses are reduced, and income is increased.
- D. Investments are increased, and profit is reinvested.

ANSWER: A

Information is accurate, accessible, and meaningful. The benefit of having written records of financial transactions is that information is accurate, accessible, and meaningful. Budgets help create physical, or written, records. Having written budget records does not directly reduce expenses, increase income, simplify accounting, increase investments, or reinvest profit. However, a budget does increase the likelihood of these things happening. SOURCE: FI:106 SOURCE: FI LAP 3—Money Tracks (Nature of Budgets)

3. **Most businesses provide employee orientation as soon as new employees report for work because**

- A. orientation focuses on specific job tasks.
- B. that is when employees are anxious to learn.
- C. employees can learn everything in the beginning.
- D. employees can't work until they have been oriented.

SAMPLE QUESTION ANSWER KEY AND EXPLANATIONS



ANSWER: B

That is when employees are anxious to learn. New employees are anxious to learn about the company; its policies, rules, and regulations; working hours; benefits; and any other factors that will affect them. Giving them this information at the beginning takes advantage of their desire to learn. Employees can start work without orientation, but they will need to ask a lot of questions that would have been answered in orientation. Orientation presents basic company information and does not try to teach employees everything at one time or focus on specific job tasks. SOURCE: HR:360 SOURCE: Noe, R.A., Hollenbeck, J.r., Gerhart, B., & Wright P.M. (2010). Human resource management: Gaining a competitive advantage (7th ed.) [pp. 333-335]. New York: McGraw-Hill Irwin.

4. Which of the following is an example of an unsafe condition:

- A. Falling asleep on the job
- B. Horseplay
- C. Broken handrail on a stairway
- D. Using machinery before reading instructions

ANSWER: C

Broken handrail on a stairway. Unsafe conditions are those physical or environmental hazards which are present in the workplace, such as icy steps or a slippery floor. Using machinery before reading the instructions, horseplay, and falling asleep on the job are examples of unsafe acts, which are behaviors or actions that may risk the safety of oneself or others. SOURCE: OP:007 SOURCE: Clark, B., Sobel, J., & Basteri, C.G. (2006). Marketing dynamics (pp. 406-407). Tinley Park, IL: Goodheart-Willcox.

5. Heyman's discount store planned to participate in a variety of promotional activities in order to meet its goal of increasing the store's market share. Heyman's promotional plan is a marketing

- A. tactic.
- B. strategy.
- C. concept.
- D. objective.

ANSWER: B

Strategy. Marketing strategies are plans of action for achieving marketing goals and objectives. In order to meet its goal of increasing market share, Heyman's planned the marketing strategy of participating in a variety of promotional activities. Tactics are specific actions that will be used to carry out strategies. A concept is an idea or a philosophy. Objectives are goals. SOURCE: MP:001 SOURCE: MP LAP 2—Pick the Mix (Nature of Marketing Strategies)

SAMPLE QUESTION ANSWER KEY AND EXPLANATIONS



6. Calculate the stock-turn rate for an item when the total number of units sold is 6,225, and the average number of items in stock is 1,245.
- A. 7
 - B. 3
 - C. 4
 - D. 5

ANSWER: D

To determine the number of times stock turns for an item in a set time period, divide the total number of units sold by the average number of items in stock ($6,225 \div 1,245 = 5$). SOURCE: PM:224 SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). Marketing essentials (pp. 513-514). Woodland Hills, CA: Glencoe/McGraw-Hill.

7. When a customer asks for a particular item, and the salesperson recommends a different item to satisfy the needs of that customer, the salesperson is engaging in
- A. suggestion selling.
 - B. product knowledge.
 - C. product substitution.
 - D. buying signals.

ANSWER: C

Product substitution. Product substitution is suggesting merchandise other than the original request when the business doesn't have the item requested or when the salesperson recognizes the customer's true needs. Suggestion selling is the process of suggesting related items once a buying decision has been made. Buying signals are hints that the customer is ready to buy. Product knowledge is information about a product. SOURCE: SE:114 SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). Marketing essentials (p. 305). Woodland Hills, CA: Glencoe/McGraw-Hill.

8. Sweepstakes and contests are examples of communications channels often used in
- A. sales promotions.
 - B. advertising campaigns.
 - C. publicity programs.
 - D. media commercials.

ANSWER: A

Sales promotions. Sales promotion involves promotional activities other than advertising, personal selling, and publicity that stimulate customer purchases. Sweepstakes and contests are examples of communications channels, the means used to provide information to others, that are often used in sales promotions. Sweepstakes and contests attract a lot of attention and are effective ways to provide information about products. Sweepstakes and contests are used in sales promotions rather than in advertising campaigns and publicity programs. They may be advertised through commercials on various media. SOURCE: PR:249 SOURCE: O'Guinn, T.C., Allen, C.T., & Semenik, R.J. (2009). Advertising & integrated

SAMPLE QUESTION ANSWER KEY AND EXPLANATIONS



9. The Fragrantly Yours Flower Shop determined that it sells between 35 and 50 dozen red roses each week. What measure is the flower shop using to analyze product sales?

- A. Average
- B. Range
- C. Median
- D. Mode

ANSWER: B

Range. Range is the distance between the smallest and largest value in a set of responses. Thirty-five dozen was the smallest number of red roses sold during a week, and 50 dozen was the largest number. An average (mean) is the sum of all of the responses divided by the number of options provided. The median is the middle value of the established sample criteria; half of the data or responses are below the median (numerical) value, and half of the responses are above the median (numerical) value. Mode is the most common value in a set of responses to a question. SOURCE: IM:191 SOURCE: Zikmund, W.G., & Babin, B.J. (2010). Exploring marketing

10. What process do businesses follow in order to direct and control all phases in the life of a good or service?

- A. Idea positioning
- B. Product managing
- C. Concept testing
- D. Growth marketing

ANSWER: B

Product managing. Product management involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities and includes all activities from the time of a product's conception to the time of its elimination. Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. Positioning is a product-mix strategy in which a business creates a certain image or impression of a product in the minds of consumers. Concept testing is exploring the concept, or idea, for a product in order to obtain feedback. SOURCE: PM:001 SOURCE: PM LAP 17—Rapping Up Products (Nature of Product/Service Management)