



SAMPLE EXAM

BUSINESS MANAGEMENT + ADMINISTRATION CAREER CLUSTER

THE BUSINESS MANAGEMENT + ADMINISTRATION CAREER CLUSTER EXAM IS USED FOR THE FOLLOWING EVENTS:

HUMAN RESOURCE MANAGEMENT

RETAIL MANAGEMENT

These test questions were developed by the MBA Research Center. Items have been randomly selected from the MBA Research Center's Test-Item Bank and represent a variety of instructional areas. Performance indicators for these test questions are at the prerequisite, career-sustaining, and specialist levels. A descriptive test key, including question sources and answer rationale, has been provided.

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Posted online February 2019 by DECA Inc.

1. What effect do some environmental laws have on businesses?
 - A. Increase operating costs
 - B. Require more employees
 - C. Control exterior landscapes
 - D. Limit equipment purchases

2. Certain environmental regulations require businesses to develop operating and production systems that are intended to
 - A. collect samples.
 - B. create waste.
 - C. consume resources.
 - D. control pollution.

3. Nicole's Manicure Salon has operated successfully for the past 15 years. Recently, Nicole decided to expand by offering several people the opportunity to own and operate a Nicole's Manicure Salon in other locations. Which form of business ownership would allow Nicole to attain her goal?
 - A. Limited partnership
 - B. Product trade name
 - C. General partnership
 - D. Business-format franchise

4. A company is involved in a lawsuit that it is unlikely to win. What should it do?
 - A. Settle the case
 - B. Move to appeal
 - C. Enter the discovery phase
 - D. Request a mistrial

5. The Tafoya Company has discovered that the Bremen Company illegally used Tafoya's trademark. To pursue a legal case for financial compensation, what should Tafoya's legal counsel do first?
 - A. Issue a summons requiring the Bremen Company to respond to allegations of misusing the trademark.
 - B. Conduct an examination of discovery to interview all parties involved in the illegal use of the Tafoya trademark.
 - C. File a formal complaint to the court alleging the Bremen Company's illegal use of the Tafoya trademark.
 - D. Request that a pretrial conference date be set to clarify all the legal issues that will be discussed during the trial.

6. The main difference between arbitration and mediation is that
 - A. arbitration is a nonbinding process.
 - B. mediation involves a third party.
 - C. mediation applies to criminal cases.
 - D. arbitration involves a judgment.

7. What type of correspondence has Julia written when she sends several letters to companies requesting product information?
 - A. A short report
 - B. An application
 - C. An inquiry
 - D. A proposal

8. Which of the following statements about professional writing standards and manuals is true:
 - A. Most businesses use a different citation method for each type of report they develop.
 - B. Some employers use a different style manual than the one that experts suggest.
 - C. Employers aren't concerned about which writing style their employees use to prepare documents, as long as the reports are accurate.
 - D. The most widely-used writing style manuals format their bibliographies the same way.

9. Maggie is writing an analytical report for the company's board of directors. She knows that some of the board members will disagree with the conclusions that she plans to present in the report. What should Maggie do to appeal to these board members?
- Focus on the evidence that supports her conclusions
 - Include several colorful graphs and diagrams
 - Develop a comprehensive bibliography
 - Provide unrelated facts to distract readers from the primary issue
10. "The Mason and Lambert Research Group used personal interviews and focus groups to obtain the information for the study." This statement is most likely to be placed in the _____ section of a research report.
- abstract
 - methodology
 - introduction
 - results
11. Which of the following is most likely to happen to employees who are discourteous to the business's customers:
- They may win an award.
 - They may be promoted.
 - They may be fired.
 - They may lose their benefits.
12. A business is legally required to create a
- privacy plan.
 - toll-free number for privacy questions.
 - data encryption plan.
 - website explaining its privacy practices.
13. Buildings, robots, and blast furnaces that businesses use to produce other goods and services are examples of
- installations.
 - raw materials.
 - supplies.
 - equipment.
14. Lev isn't sure if he should purchase a new computer or not. He wants one, but he knows he doesn't have the money to pay for it right now. A salesperson offers him the option to purchase the computer using a payment plan. Since Lev only has to pay a small amount each month, he decides to go ahead with the purchase. Which type of utility did the salesperson create for Lev?
- Place
 - Time
 - Form
 - Possession
15. Which of the following demonstrates the interrelationship among primary business activities:
- A business changes its goals, so its strategies and tactics change, too.
 - One business activity changes, so the others must adjust.
 - A new product is introduced, so business advertisements must adjust.
 - A business manager becomes vice president, so his/her department must adjust to the change.
16. A business carefully screens all opportunities before investing its profits. This is an example of _____ risk.
- retaining
 - avoiding
 - controlling
 - transferring

17. Vince is very excited to get his first paycheck from his part-time job. He's expecting about \$200, but when he sees his weekly paystub, he's disappointed to find out he's actually getting much less. Which tax did Vince forget to take into account:
- A. Income tax
 - B. Property tax
 - C. Sales tax
 - D. Excise tax
18. During difficult economic times, the unemployment rate is often
- A. at its lowest.
 - B. unimportant.
 - C. understated.
 - D. not calculated.
19. Which of the following is true of recognizing ethical dilemmas:
- A. You must also respond to them.
 - B. They are always obvious.
 - C. You can ignore them after recognizing them.
 - D. Choosing the right decision is simple.
20. Being okay with uncertainty and dealing with it effectively is another way to describe
- A. tolerating ambiguity.
 - B. deviation from the norm.
 - C. acting with accountability.
 - D. stepping out of your comfort zone.
21. Which of the following characteristics is most important for leaders to develop:
- A. Extraversion
 - B. Talent
 - C. Confidence
 - D. Confidentiality
22. When you have the ability to communicate appropriately with teachers, work supervisors, and family members at different times, you are demonstrating adaptability in situations related to
- A. unfamiliar conditions.
 - B. personal interactions.
 - C. resource availability.
 - D. planned changes.
23. Which of the following is a way that leaders appeal to others' emotions to gain commitment toward a shared vision:
- A. Sharing stories
 - B. Providing procedures
 - C. Insisting on immediate action
 - D. Using logic
24. An important aspect of building positive political relationships in the workplace is
- A. expressing bias.
 - B. keeping informed.
 - C. being passive.
 - D. offering criticism.
25. What is one of the main reasons why businesses need to keep accurate accounting records?
- A. To eliminate risks
 - B. To follow procedures
 - C. To control expenses
 - D. To regulate taxes

26. Which of the following is most likely to be a consequence for a business that neglects its financial information:
- A. Competitors will perform better.
 - B. Salespeople might not be prepared.
 - C. The target market might not be reached.
 - D. A business might exceed its budget.
27. The balance sheet of a business showed total assets of \$94,841.20 and total liabilities of \$11,287.90. Thus, the owner's equity was
- A. \$94,841.20.
 - B. \$83,553.33.
 - C. \$94,841.02.
 - D. \$83,553.30.
28. Which of the following is considered an operating expense:
- A. Packaging
 - B. Utilities
 - C. Stolen items
 - D. Raw materials
29. A primary reason that governments regulate corporations' financial activities is to
- A. control costs.
 - B. ensure earnings.
 - C. limit benefits.
 - D. protect stockholders.
30. In business, budgets are prepared for a specific time period, usually a
- A. calendar year.
 - B. fiscal year.
 - C. quarter at a time.
 - D. month at a time.
31. Which of the following airlines is most likely to be undervalued, based on their price-to-cash flow ratios:

Sky High

Current Stock Price: \$14.36
Cash Flow per Share: \$5.21

Smooth Flying

Current Stock Price: \$22.78
Cash Flow per Share: \$4.12

Soar the Sky

Current Stock Price: \$18.50
Cash Flow per Share: \$3.59

White Clouds

Current Stock Price: \$25.81
Cash Flow per Share: \$6.94

- A. Sky High
- B. Smooth Flying
- C. Soar the Sky
- D. White Clouds

32. To help new employees become familiar with the business environment and company culture, companies often conduct
- financial seminars.
 - performance evaluations.
 - application screenings.
 - orientation sessions.
33. Which of the following is an important technology for knowledge management:
- Intranet
 - Word-processing software
 - Bookkeeping software
 - VoIP (Voice over Internet Protocol)
34. A company hired an experienced engineer, learned about his skills and techniques, and then fired him after a year. What ethical issue is related to this example?
- Intellectual property
 - Data privacy
 - Research ethics
 - Intentionality
35. A company experiences problems getting its products to its intermediaries in a timely manner. To determine the best way to improve the flow of goods through its channel members, the company's executive management team accesses information and knowledge that the company has gathered and stored in a specialized computer program. Which of the following technological tools is the business most likely using in this situation:
- Decision support system
 - Satellite technology
 - Mind mapping software
 - Customer database
36. Which of the following is a type of technology used to communicate knowledge in real time:
- Video conferencing
 - Wikis
 - RSS feeds
 - Search
37. Katie was recently let go from her position but has an interview with a different company in the same industry. Katie should be careful to avoid
- discussing her former employer in any way.
 - inevitable disclosure.
 - violating a noncompete agreement.
 - protecting trade secrets.
38. A serious accident occurred on Putnam Chemical Company's production line. A Putnam employee questioned the employees who were working during the accident to gather information about the situation. The company plans to use the gathered knowledge to determine the cause of the accident and to develop an action plan to prevent similar problems in the future. What technique did the company use to capture knowledge?
- Creative problem solving
 - Brainstorming survey
 - Critical incident interview
 - Employee performance review
39. Before knowledge can be reused or shared, it must be
- analyzed.
 - embedded.
 - recognized.
 - manipulated.

40. Quentin wants people to see his restaurant as family-friendly and affordable. Which company goal is Quentin trying to achieve?
- A. Support a cause
 - B. Project a certain image
 - C. Develop new goods and services
 - D. Achieve stability
41. Which of the following is a primary function of information management:
- A. Monitoring employees
 - B. Placing ads
 - C. Storing data
 - D. Obtaining credit
42. One of the roles of ethics in information management involves an individual's right to
- A. privacy.
 - B. safety.
 - C. dignity.
 - D. equity.
43. Which of the following is the medium that is most appropriate to use for communicating and obtaining in-depth information:
- A. Scanner
 - B. High-definition television
 - C. Satellite radio
 - D. Internet
44. A primary use of project-management software is to
- A. develop project standards.
 - B. define the project's purpose.
 - C. allocate project resources.
 - D. evaluate the quality of deliverables.
45. A company is making big changes to its database. When should the company make these changes?
- A. Over the employees' lunch breaks
 - B. At the beginning of the work week
 - C. Never—changes should not be made to a database
 - D. After work hours or when employees have down time
46. In order for data change to be successful, an organization should
- A. have one employee capable of making the change.
 - B. be able to revert back to their old processes.
 - C. be aware of why the change is necessary.
 - D. enact changes whether or not everyone in the organization agrees.
47. Which of the following is an ongoing population trend that affects how businesses market their goods and services:
- A. Consumption
 - B. Migration
 - C. Behavior
 - D. Lifestyle
48. The BVM Company examined economic and political factors to determine if it should expand its operations. The company obtained the information by conducting a(n) _____ analysis.
- A. environmental
 - B. internal
 - C. strengths
 - D. tactical

49. When the TCC Corporation constructed a large warehouse on its property, it had to ensure that the warehouse met certain structural standards. In this situation, the corporation had to ensure that the warehouse was in compliance with
- building codes.
 - health ordinances.
 - residential zoning laws.
 - environmental regulations.
50. What is the advantage to a business that installs external surveillance cameras in prominent locations around its property?
- Reduces the risk of extortion
 - Discourages attempted burglaries
 - Eliminates the need to install alarms
 - Prevents armed robberies
51. To establish weekly work priorities, employees should consider developing a list of
- long-term goals.
 - routinely performed tasks.
 - short-term accomplishments.
 - critical activities.
52. Dexter must receive information from Isabelle before he can complete a task. After completing his work, Dexter prepares a form to send to Amy, so she can perform her tasks. The activities are coordinated in a way that the work must be completed
- sequentially.
 - simultaneously.
 - quickly.
 - randomly.
53. Leah is a manager who delegates some of her tasks to her employees. Which of the following statements is true:
- Leah must stay in constant communication with her employees about their tasks.
 - The tasks are no longer Leah's responsibilities since she assigned them to employees.
 - Leah needs to sit with the employees to ensure they finish their work.
 - Leah should not have delegated tasks because they are hers to complete.
54. Marcus is an assembler in a bicycle manufacturing factory. The factory recently introduced new technology that allows Marcus to assemble more bikes per hour than his previous average of 50 bikes per hour. Assuming that he works eight hours per day and five days per week, what is the percentage of increase in production if Marcus assembles 3,150 bikes this week instead of his previous average?
- 64%
 - 58%
 - 49%
 - 35%
55. What is the first step you should take when planning a project?
- Determine quality standards.
 - Identify the project's stakeholders.
 - Identify resources.
 - Develop a draft plan.
56. What is a way to start determining which parts of a project are most important for you to evaluate?
- Perform gap analysis.
 - Communicate lessons learned with stakeholders.
 - Consider project goals.
 - Focus on financial data.

57. A purchasing manager is most likely to send a request for quotation (RFQ) to obtain bids from vendors when
- there are many qualified sellers.
 - the volume is low.
 - the company has a preferred supplier.
 - there is a short lead time.
58. ACJ Distributors is working with its vendors to implement a new technological system to improve its ordering and receiving processes. One of its primary vendors is satisfied with the existing system and feels that a new system is unnecessary. What is the barrier to a collaborative relationship in this situation?
- Legal concerns
 - Resistance to change
 - Lack of information
 - Product quality
59. Barker's Pet Store orders a variety of items from one of its vendors for the upcoming holiday season. The store provides the vendor with a dollar limit but does not provide merchandise specifications. What type of purchase order is Barker's Pet Store issuing?
- Custom
 - Open
 - Blanket
 - Provisional
60. The PVX automotive manufacturer keeps office supplies such as copy paper, pens, and notepads on hand at all times. These office supplies are part of the manufacturer's inventory of
- raw materials.
 - MRO goods.
 - work-in-process.
 - finished products.
61. The dating terms that the MRL Restaurant Supply Company negotiated with its glassware vendor are 5/10 net 30 for a purchase order generated on May 20. Calculate the discounted amount that MRL would owe for an order of \$1,580.50 if it pays by May 27.
- \$1,541.07
 - \$1,547.47
 - \$1,501.47
 - \$1,510.07
62. You negotiate with a vendor to receive 2/10, net 30 terms. Your invoice amount is \$100. This means you can pay
- \$102 on the 10th day or \$110 on the 30th day.
 - \$2 on the 10th day and \$98 by the 30th day.
 - \$20 by the 10th day and \$80 by the 30th day.
 - \$98 on the 10th day or \$100 by the 30th day.
63. One of the benefits of production to consumers is that production
- provides a way to be competitive.
 - makes use of automation.
 - provides a way to earn profits.
 - creates form utility.
64. The primary purpose of conducting random product inspections in manufacturing processes is to
- monitor quality consistency.
 - improve product value.
 - achieve sales goals.
 - assess employees' ideas.

65. Which of the following best describes a goal of effective supply chain management:
- A. Storing marketing data
 - B. Managing customer relations
 - C. Reducing inventory
 - D. Planning promotional strategies
66. Belinda is reviewing departmental reports to determine why the business's outputs have been decreasing steadily over the last six weeks. Belinda is analyzing issues related to
- A. human resources.
 - B. distribution.
 - C. finance.
 - D. production.
67. Jackman Farms wants to get a clear picture of its industry and how the business is doing within it, both internally and externally. Which business analysis tool should the business use?
- A. Financial report
 - B. SWOT analysis
 - C. PESTEL analysis
 - D. Balance sheet
68. A steel manufacturing plant was forced to shut down operations for several weeks after being hit by a major tornado. The manufacturing company's _____ is likely to be influenced as a result.
- A. supply chain network
 - B. chain of command
 - C. marketing department
 - D. advertising budget
69. Human, regulatory, technological, and environmental factors are most likely to influence the design of
- A. business processes.
 - B. office visitation guidelines.
 - C. employee-leave policies.
 - D. project due dates.
70. A pet food manufacturing plant recently had a major power outage that prevented it from producing its products for several weeks. Because of the outage, many pet stores ran out of inventory and were unable to restock. Which of the following is most likely to occur as a result of the power outage:
- A. Improved manufacturer-supplier relationship
 - B. Increased sales of the manufacturer's pet food
 - C. Customer satisfaction with the manufacturer
 - D. Customer dissatisfaction with the manufacturer
71. The implementation of digital warehouse management systems is an example of how technology can impact _____ management.
- A. human resource
 - B. supply chain
 - C. financial
 - D. employee
72. Before beginning a new project, a manager who uses business process thinking would most likely
- A. create a list of things that employees should avoid doing during the project.
 - B. explain to employees the end result that s/he wants to achieve from the project.
 - C. determine the steps that employees need to follow to complete the project.
 - D. examine the financial implications of the project to make sure it will be profitable.
73. Which of the following is a strategy to help manage risks in a global supply chain:
- A. Hire only local workers
 - B. Work with experienced partners abroad
 - C. Work only within the same time zone
 - D. Accept lower quality levels

74. To protect customer data such as credit card information, businesses should
- require that all customers show an ID.
 - accept payments in cash only.
 - keep sensitive records encrypted.
 - use a shared server to store information.
75. When a manager is making a routine business decision, s/he usually needs
- minimal input from others.
 - a lot of input to obtain many points of view.
 - to write down all feasible options.
 - to analyze the level of risk involved.
76. Heather manages the children's clothing department at a large department store. Which type of business management and administration career does she have?
- Operations management
 - Business analytics
 - General management
 - Supply chain management
77. How do workers often identify the skills that are needed to further their careers?
- Change their mental attitudes
 - Measure their level of self-esteem
 - Monitor trends in their occupations
 - Change jobs on a frequent basis
78. Following the chain of command is important to the overall business because it
- increases efficiency.
 - improves collaboration.
 - facilitates teamwork.
 - enhances creativity.
79. Which characteristic of a SMART objective does the following statement exemplify: Phase one of the project will be completed on May 10, 2019?
- Motivational
 - Realistic
 - Time-bound
 - Structured
80. Many experts believe that providing too much detail in the work breakdown structure (WBS) work packages often causes the project manager to
- develop a SWOT analysis.
 - allocate project resources.
 - simplify project deliverables.
 - micromanage the project.
81. A project's stakeholders asked the project manager to revise three components of a long-term project. The project manager should share this information with the project's team members because changes often affect the
- project's workflow.
 - company's image.
 - team members' competence.
 - team members' performance reviews.

82. During a weekly meeting, the project manager told the team, "All of you are doing a great job in meeting your deadlines. Just a few more weeks of hard work, and the project will be complete. Then, we will all go out to celebrate." What is the project manager doing?
- A. Measuring the team's goals
 - B. Expressing empathy
 - C. Motivating the team
 - D. Offering a financial incentive
83. Kevin is planning to paint a house. He draws a simple graph that shows the sequence of tasks that will be done from beginning to end of the project. For example: 1) Buy supplies, 2) Prepare house for painting, 3) Paint house, and so on. This is an example of a
- A. scope management plan.
 - B. work breakdown structure.
 - C. network diagram.
 - D. project charter.
84. Which of the following pieces of information are included in the "lessons-learned" document when closing a project:
- A. Project charter, successes, and failures
 - B. Costs, suggestions for improvement, and project charter
 - C. Statement of work, successes, and failures
 - D. Successes, failures, and suggestions for improvement
85. The Fisher Manufacturing Company has been receiving a lot of complaints about product breakage problems with the model 2YZ. Fisher has been working with its parts vendors and production-line personnel to try to determine why the problems are occurring. This is an example of a product-quality issue related to
- A. durability.
 - B. volume.
 - C. distribution.
 - D. costs.
86. Which of the following quality management frameworks uses martial arts terminology to identify individuals necessary for its implementation:
- A. ITIL
 - B. Six Sigma
 - C. CMMI
 - D. Quality Max
87. What activity helps businesses identify the various opportunities for continuous quality improvement?
- A. Establishing budgets
 - B. Setting goals
 - C. Monitoring data
 - D. Rationing resources
88. Sasha recently announced that she is planning an overnight company outing in a state park. Since that announcement, several members of her team have expressed concern about the event because of rumors of bear attacks in the area. What is the first thing that Sasha should do to determine the actual level of risk associated with camping at the park?
- A. Risk communication
 - B. Environmental scan
 - C. A SWOT analysis
 - D. A risk assessment
89. If a company does not take the time to manage risks, it is
- A. seeking a larger return on investment.
 - B. treating customers fairly.
 - C. enhancing possibilities for gain.
 - D. not being ethical.

90. What risk is being avoided when financial institutions use cloud computing?
- A. Loss of customers risk
 - B. Pure risk
 - C. Return on investment risk
 - D. Speculative risk
91. Risk retention groups are typically only allowed to offer _____ insurance coverage.
- A. life
 - B. liability
 - C. homeowners
 - D. health
92. How does forming a captive insurance company typically impact a corporation's federal tax liability?
- A. Eliminates the corporation's state tax liabilities
 - B. Increases tax due on the captive's loss reserves
 - C. Increases the corporation's sales tax liabilities
 - D. Reduces tax due on the captive's premiums
93. Which of the following is an element of the planning function of management:
- A. Setting goals
 - B. Monitoring work
 - C. Training employees
 - D. Assessing performance
94. The owners of the IHM Company are determining if they should structure the new business by product line or by departmental functions. The owners are performing an activity associated with the _____ management function.
- A. staffing
 - B. directing
 - C. controlling
 - D. organizing
95. In management, a primary organizing activity is
- A. assigning responsibility.
 - B. hiring talented workers.
 - C. controlling external conditions.
 - D. evaluating job performance.
96. When a business is understaffed and employees must work longer hours for an extended period of time, what often happens?
- A. Lower sales quotas
 - B. Higher customer satisfaction
 - C. Lower payroll expenses
 - D. Higher employee turnover
97. What management function involves motivating and encouraging an employee?
- A. Organizing
 - B. Planning
 - C. Directing
 - D. Recruiting
98. An assistant bank manager overhears one of her tellers incorrectly quote a savings-account interest rate to a potential customer. Rather than waiting until later to address the problem, the manager corrects the teller immediately and makes sure the teller gives the customer the correct information. Which of the following controls is taking place:
- A. Post control
 - B. Preventive control
 - C. Feedback control
 - D. Concurrent control

99. Change management is important because it helps organizations
- A. make immediate changes to things that employees dislike.
 - B. implement and adjust to new processes and procedures.
 - C. improve their operations and logistics management practices.
 - D. satisfy the wants and needs of their most valuable employees.
100. Which of the following occurs during the process of change management:
- A. Decision-making by top managers without staff input
 - B. Dialogue among upper management employees only
 - C. Top-down and bottom-up dialogue among all employees
 - D. Dialogue among entry-level employees only



KEY

Test Number 1201

Business Management and Administration Exam

Human Resource Management

Retail Management

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1. A
Increase operating costs. Environmental laws are intended to conserve and protect the natural environment. Many of these laws have an impact on the way businesses operate by requiring them to decrease pollution or control waste. As a result, businesses often need to spend money to comply with the rules and regulations, which leads to an increase in operating costs. For example, a business might need to purchase pollution-control devices. Environmental laws do not require businesses to hire more employees or develop exterior landscapes. The laws do not limit equipment purchases. In fact, businesses may need to buy more equipment to comply with the laws.
SOURCE: BL:073
SOURCE: U.S. Chamber of Commerce. (2013, December 18). *Increasing environmental regulation*. Retrieved November 19, 2018, from <https://www.uschamber.com/regulations/increasing-environmental-regulations>
2. D
Control pollution. Pollution is a growing problem that affects many large cities as well as small communities throughout the world. In an effort to control pollution, many countries have established environmental regulations that require businesses to develop clean and fuel-efficient operating and production systems. These systems protect the environment from industrial pollution and help preserve natural resources. Many of these regulations also require businesses to control the amount of waste and dispose of it properly. Environmental regulations are intended to conserve resources. A business's operating and production systems are not intended to collect samples.
SOURCE: BL:073
SOURCE: US Environmental Protection Agency. (2018, February 7). *Our mission and what we do*. Retrieved November 29, 2018, from <https://www.epa.gov/aboutepa/our-mission-and-what-we-do>
3. D
Business-format franchise. A business-format franchise operates under a trade name and offers the opportunity for many people to become their own bosses while helping companies expand more efficiently. Product trade-name franchises offer an agreement to stock and sell a specific or exclusive line of goods. General partnership agreements are designed to combine capital, experience, and the abilities of two or more people. Limited partnerships are designed for two or more people who want limited liabilities.
SOURCE: BL:003
SOURCE: LAP-BL-001—Own It Your Way (Types of Business Ownership)
4. A
Settle the case. Settling a case means that the two sides end a dispute before the conclusion of a trial. Settlement is a more affordable, time-efficient alternative to going to trial. If a company is in a lawsuit that it is unlikely to win, settlement might be the best option. Moving to appeal, entering the discovery phase, or requesting a mistrial are not necessarily the best options for a company that is in a lawsuit that it is unlikely to win.
SOURCE: BL:159
SOURCE: FindLaw.com. (2018). *What does it mean to settle a case?* Retrieved November 19, 2018, from <http://litigation.findlaw.com/legal-system/what-does-it-mean-to-settle-a-case.html>
5. C
File a formal complaint to the court alleging the Bremen Company's illegal use of the Tafoya trademark. The first step in a legal case is filing a formal complaint. All other processes occur after the complaint has been filed. A pretrial cannot be established until the case has been created through the filing of a complaint, a response from the defense, and the completion of the discovery process, including interrogatories and examinations.
SOURCE: BL:160
SOURCE: SmallBiz.ca. (2018). *The litigation process—step by step*. Retrieved November 19, 2018, from <http://www.smallbiz.ca/2009/04/08/the-litigation-process-step-by-step/>

6. D

Arbitration involves a judgment. Both arbitration and mediation are used either to avoid litigation or alongside it, employing a third party to try to negotiate. However, arbitrators pass down a decision about the evidence given. Mediators simply help guide discussion and resolve the conflict. Mediation does not only apply to criminal cases. Finally, arbitration can be a binding process that replaces a trial.

SOURCE: BL:161

SOURCE: FindLaw. (2018). *Mediation vs. arbitration vs. litigation: What's the difference?* Retrieved November 19, 2018, from <http://adr.findlaw.com/mediation/mediation-vs-arbitration-vs-litigation-whats-the-difference.html>

7. C

An inquiry. Inquiries are written to ask for more information concerning a product or service. An application is a form requesting acceptance into an organization, group, or company. A short report gives brief details about a project, product, or service. A proposal suggests a course of action to be taken.

SOURCE: CO:040

SOURCE: Beare, K. (2018, March 5). *The fundamentals of writing an inquiry business letter*. Retrieved November 19, 2018, from <https://www.thoughtco.com/inquiry-letters-1210169>

8. B

Some employers use a different style manual than the one that experts suggest. Using a specific writing style provides consistency throughout all of a business's written documents. Generally, certain fields or disciplines use a particular writing style. For example, the social science and natural science disciplines tend to use the American Psychological Association (APA) style, while textbook publishers tend to use the Modern Language Association (MLA) style. However, some organizations do not use the particular writing style that experts suggest. Therefore, employees must determine and apply their employers' style preference when preparing business documents. To maintain consistency, businesses do not usually change writing styles based on the type of report they are writing at a particular time. Employers may be very rigid about the writing style because the style can affect their professional integrity or their ability to get funding for a project. Each writing style varies, including the ways in which bibliographies are formatted.

SOURCE: CO:094

SOURCE: Tuten, N. (2017, December 3). *Style manuals*. Retrieved November 19, 2018, from <https://getitwriteonline.com/articles/style-manuals/>

9. A

Focus on the evidence that supports her conclusions. An analytical report is a document that explains and evaluates an issue, opportunity, or problem. When developing an analytical report that addresses a controversial issue or contains information that readers might disagree with, Maggie should provide evidence and logical arguments that explain and support her conclusions. By providing evidence and logical arguments, Maggie is more likely to persuade readers to accept the conclusions. Colorful graphics, a bibliography, and unrelated facts are not likely to sway board members into agreeing with the conclusions presented in the report.

SOURCE: CO:185

SOURCE: Layfield, E. (2017, February 18). *How to write an analytical report*. Retrieved November 19, 2018, from <https://penandthepad.com/write-analytical-report-5142708.html>

10. B

Methodology. The methodology section focuses on the procedures used to gather the information for the study. In the situation provided, the marketing research firm used personal interviews and focus groups to gather information. The introduction states the problem, purpose, and significance of the study or investigation. The abstract is a synopsis of the report's contents. The results section contains the analysis of the research findings.

SOURCE: CO:186

SOURCE: Grand Canyon University Center for Innovation in Research and Teaching. (n.d). *Components of a research paper*. Retrieved November 19, 2018, from <https://cirt.gcu.edu/research/developmentresources/tutorials/researchpaper>

11. C

They may be fired. More people lose their jobs because they can't get along with other people than for any other reason. Establishing positive customer/client relations is very important to a business's success. Employees who damage customer relations are not likely to be promoted or given awards. Benefits cannot be taken away for misconduct.

SOURCE: CR:003

SOURCE: LAP-CR-001—Accentuate the Positive (Nature of Customer Relations)

12. A

Privacy plan. A business is legally required to create a privacy plan and share it with customers before collecting their information. That's it! A business has no obligation to create a toll-free number, to create a data encryption plan, or to create a website explaining its privacy practices.

SOURCE: CR:017

SOURCE: LAP-CR-017—Trust Is a Must (Ethics in Customer Relationship Management)

13. A

Installations. Marketers classify industrial goods according to their uses. These classifications include installations that are high-cost, long-lasting items that are used to produce other goods and services. Examples of installations include buildings, robots, and blast furnaces used to smelt iron. Equipment is industrial goods used in the operation of a business, but it is not used in the actual production of a good or service. Raw materials are materials in their natural state such as trees. Supplies are industrial goods that are constantly being purchased and used up in the operation of a business.

SOURCE: EC:002

SOURCE: LAP-EC-010—Get the Goods on Goods and Services (Economic Goods and Services)

14. D

Possession. Possession utility is created when ownership of a product is transferred from the seller to the person or business that will use the good or service. In other words, the person or business who purchases the product finds it useful and satisfying only after assuming ownership of the product. Lev can only get utility from the computer if he owns it, so the store does everything it can (in this case, offering a payment plan) to help him purchase it. When products are available at the time they are desired, they are said to have time utility. Form utility is created when a business alters or changes the shape or form of a product to make it more useful or satisfying for consumers. Place utility exists when goods or services are available at the place where they are needed or wanted by customers.

SOURCE: EC:004

SOURCE: LAP-EC-013—Use It (Economic Utility)

15. B

One business activity changes, so the others must adjust. Since the primary business activities are interrelated, when one business activity changes, the others must adjust in response. Changes in the products introduced, changes in specific employee roles, and changes in business strategies/tactics do not represent the interrelationship of business activities, overall. They represent smaller changes that take place within specific business activities.

SOURCE: EC:071

SOURCE: LAP-EC-071—Strictly Business (Business Activities)

16. C

Controlling. A business controls risks by acknowledging that a risk exists and taking measures to protect itself. A business could avoid this risk by putting its profits in a bank. A risk is transferred when someone else, such as an insurance company, carries the risk. A business retains the risk when it does nothing to reduce or eliminate it.

SOURCE: EC:011

SOURCE: LAP-EC-003—Lose, Win, or Draw (Business Risk)

17. A

Income tax. Income tax is based on the amount of money you earn. Because of income tax, part of each of Vince's paychecks is given to the government. Income tax is the biggest source of federal tax revenue. Property tax is a tax on real estate and personal possessions. Sales tax is a tax on the sale/exchange of goods. Sales taxes are placed on most retail transactions. An excise tax is a type of sales tax that's placed on something specific, such as alcohol or tobacco. Excise taxes are typically either used on goods that are harmful to consumers or commodities that are in short supply.

SOURCE: EC:072

SOURCE: AmosWEB. (2000-2018). *Taxes*. Retrieved November 19, 2018, from http://www.amosweb.com/cgi-bin/awb_nav.pl?s=wpd&c=dsp&k=taxes

18. C

Understated. During difficult economic times, the unemployment rate is often understated, meaning that it is actually higher than the numbers suggest. The unemployment rate is always an important economic indicator and is calculated each month regardless of the state of the economy. During difficult economic times, the unemployment rate is high, not low.

SOURCE: EC:082

SOURCE: LAP-EC-029—Help Wanted? (Impact of Unemployment Rates)

19. A

You must also respond to them. Recognizing ethical dilemmas isn't enough! If you want to be successful at work, with peers, and in your personal life, you also have to respond to ethical dilemmas. They cannot be ignored after you recognize them. Ethical dilemmas are not always obvious. Choosing the right decision is sometimes difficult.

SOURCE: EI:125

SOURCE: LAP-EI-125—Make the Right Choice (Recognizing and Responding to Ethical Dilemmas)

20. A

Tolerating ambiguity. Tolerating ambiguity is being okay with uncertainty and dealing with it effectively. Deviation from the norm is anything that strays from what is expected. Accountability is accepting responsibility for your decisions. Stepping out of your comfort zone is a good way to develop tolerance for ambiguity, but it is not the same as being okay with uncertainty and dealing with it effectively.

SOURCE: EI:092

SOURCE: LAP-EI-092—Embrace the Unknown (Developing a Tolerance for Ambiguity)

21. C

Confidence. Confidence is a positive belief in your own talents, skills, and objectives. A leader needs confidence to encourage and inspire others because if a leader does not believe in him/herself, no one else will, either. Leaders do not necessarily have to develop talent, extraversion, or confidentiality.

SOURCE: EI:131

SOURCE: LAP-EI-131—Be the Change (Nature of Ethical Leadership)

22. B

Personal interactions. There are different types of situations that require adaptability. Because you tend to communicate differently with your teachers, work supervisors, family, and friends, you are showing your adaptability in relation to your personal interactions. People tend to exhibit more formal behavior with their teachers and supervisors and are more relaxed and informal with family and friends.

Adaptability is also required when you encounter unfamiliar or unexpected conditions (e.g., encountering hazardous driving conditions), resource availability issues (e.g., substituting one item with another item), and planned changes (e.g., getting married).

SOURCE: EI:006

SOURCE: LAP-EI-023—Go With the Flow (Demonstrating Adaptability)

23. A

Sharing stories. Vision is the future that you desire to create. Vision is broad in scope, and it is timeless, meaning that there is always room from change or improvement. Setting and accomplishing goals help you work toward your vision. Some of those goals may include getting others to embrace your vision and help you carry it out. Enlisting others' support can be done in a variety of ways, one of which is to appeal to their emotions by sharing stories. The leaders often share inspirational stories about people who have overcome difficult circumstances, or they may share tragic stories about situations that do not need to happen or should not exist (e.g., starvation). Using logic involves appealing to the mind rather than to the emotions. Providing procedures and insisting on immediate action may not appeal to others' emotions and encourage them to commit to a shared vision.

SOURCE: EI:060

SOURCE: LAP-EI-060—Vision Quest (Enlisting Others in Vision)

24. B

Keeping informed. The focus of political relationships is to influence others (e.g., coworkers and managers) to take a certain course of action for the purpose of professional gain. Employees engage in “office politics” for many reasons—to advance their careers, obtain scarce resources, change company policies, etc. It is important to keep informed about what is going on in the business to be able to influence others. For example, an employee may learn about an available job promotion by talking with coworkers and managers. If the employee has a good relationship with an influential manager, s/he might talk to the hiring manager about the employee's qualifications, which can help the employee get an interview for the position. Expressing bias, being passive, and being overly critical are actions that are more likely to hinder an employee's ability to develop effective political relationships in the workplace.

SOURCE: EI:034

SOURCE: Mind Tools Content Team. (1996-2018). *7 ways to use office politics positively*. Retrieved November 19, 2018, from https://www.mindtools.com/pages/article/newCDV_85.htm

25. C

To control expenses. Businesses keep accurate accounting records in order to know exactly how much money is being spent to cover operating expenses. Businesses monitor expenses to find out if they are spending more to operate than they are earning. Accurate accounting records tell businesses if expenses are high and provide businesses with the information they need to control or even reduce expenses. Controlling expenses is one way that businesses are able to increase profit. Businesses do not have the authority to regulate taxes. Businesses do not keep accurate accounting records in order to follow procedures or eliminate risks.

SOURCE: FI:085

SOURCE: LAP-FI-085—Show Me the Money (Nature of Accounting)

26. D

A business might exceed its budget. Financial information is incredibly important for an organization's success. If a business does not pay attention to its financial information, it might exceed its budget, causing further problems down the road. Neglecting financial information does not necessarily lead salespeople to be unprepared, prevent the business from reaching the target market, or lead competitors to perform better.

SOURCE: FI:351

SOURCE: LAP-FI-351—With Due Care (The Role of Ethics in Accounting)

27. D

\$83,553.30. A balance sheet is a financial statement that captures the financial condition of the business at a particular moment. One component of a balance sheet is owner's equity, which is the amount an owner has invested in the business plus or minus profits and losses. To determine owner's equity, subtract the total liabilities from the total assets ($\$94,841.20 - \$11,287.90 = \$83,553.30$).

SOURCE: FI:093

SOURCE: LAP-FI-010—The Right Balance (The Nature of Balance Sheets)

28. B

Utilities. Utilities fall under the “operating expenses” category on an income statement. Operating expenses are those incurred from keeping a business's doors open. The business pays these expenses so it can operate. Operating expenses can be either variable (amounts that are constantly changing, such as advertising costs) or fixed (amounts that stay the same for long periods of time, such as rent). This category includes expenses like employee wages, insurance, and administrative costs. Packaging, stolen items, and raw materials are all considered cost of goods sold/cost of sales. This category on an income statement includes all direct costs to obtain and/or produce the goods or services that a business sells.

SOURCE: FI:094

SOURCE: LAP-FI-004—Watch Your Bottom Line (Income Statements)

29. D

Protect stockholders. Public corporations often have thousands of shareholders. To protect the rights and financial well-being of the shareholders, governments regulate corporations' financial activities—activities that are carried out by the corporations' management teams and their boards of directors. The regulation of financial activities does not ensure earnings, limit benefits, or control costs.

SOURCE: FI:356

SOURCE: U.S. Securities and Exchange Commission. (2013, October 1). *The laws that govern the securities industry*. Retrieved November 19, 2018, from <https://www.sec.gov/answers/about-lawsshtml.html>

30. B

Fiscal year. Budgets are prepared for a specific time period, usually a fiscal year. A fiscal year may or may not coincide with a calendar year. Budgets then are broken down into smaller time periods, such as quarters and months, so that managers can more easily monitor activity. Although quarters and months are monitored one at a time, the budget is prepared for the entire upcoming year.

SOURCE: FI:106

SOURCE: LAP-FI-106—Money Tracks (Nature of Budgets)

31. A

Sky High. Investors often calculate the price-to-cash flow ratio (P/CF) of potential investments to compare their relative worth. If particular investment's P/CF is lower compared to others in the same industry, the market has probably undervalued that stock. To determine which of the four airline's stock is most likely to be undervalued, calculate the price-to-cash flow ratio of each company. The price-to-cash flow ratio can be found by dividing the current stock price by the cash flow per share (Sky High: $\$14.36 / \$5.21 = 2.76$; Smooth Flying: $\$22.78 / \$4.12 = 5.53$; Soar the Sky: $\$18.50 / \$3.59 = 5.15$; White Clouds: $\$25.81 / \$6.94 = 3.72$). Since Sky High's price-to-cash flow ratio is lowest, it is most likely to be undervalued.

SOURCE: FI:541

SOURCE: Investopedia. (2018, May 14). *Price-to-cash-flow ratio*. Retrieved November 19, 2018, from <http://www.investopedia.com/terms/p/price-to-cash-flowratio.asp>

32. D

Orientation sessions. An orientation program makes new employees feel welcome, gives them a general overview of the business, and helps motivate them to do their best. Orientation sessions often include activities such as reviewing general company policies and compensation, describing training programs, providing a tour of the facilities, and introducing the new employees to their coworkers. Performance evaluations, application screenings, and financial seminars are not activities that help new employees become familiar with their new business environment.

SOURCE: HR:360

SOURCE: Richards, L. (2017, November 21). *What are the benefits of new employee orientation programs?* Retrieved November 19, 2018, from <https://smallbusiness.chron.com/benefits-new-employee-orientation-programs-1281.html>

33. A

Intranet. An intranet is a very important form of technology for knowledge management. It serves as an organization's "internal Internet" and allows the sharing of knowledge through email, documents, databases, etc. Word-processing software, bookkeeping software, and VoIP technology are not essential for knowledge management.

SOURCE: KM:001

SOURCE: LAP-KM-001—Know Go (The Nature of Knowledge Management)

34. D

Intentionality. To make sure that knowledge management practices are ethical, organizations need to be careful about the intention behind knowledge sharing. The company in question does not have ethical intentions because it is exploiting the engineer's knowledge for its own gain. This situation is not related to data privacy, research ethics, or intellectual property.

SOURCE: KM:002

SOURCE: LAP-KM-002—Know What's Right (Ethics in Knowledge Management)

35. A

Decision support system. A decision support system is a type of computer program that draws on gathered knowledge to help managers improve their decision-making and problem-solving skills. In the situation provided, the business has a problem getting products to its channel members, so it uses the information and knowledge in the decision support system to help them make decisions to resolve the problem. Businesses often use satellite technology to track goods that are in transit. Mind mapping is a form of brainstorming that organizes ideas and information graphically using shapes, pictures, and words. Businesses often use mind-mapping software to develop new products. A customer database stores data about a business's customers.

SOURCE: KM:003

SOURCE: Rouse, M. (2010, March). *Decision support system*. Retrieved November 19, 2018, from <https://searchcio.techtarget.com/definition/decision-support-system>

36. A

Video conferencing. Video conferencing allows knowledge to be communicated in real time when people are not in the same location. Wikis are websites that allow people to add content asynchronously. RSS feeds deliver published content to people. Search allows people to seek information. These three types of technology do not facilitate back and forth communication.

SOURCE: KM:003

SOURCE: Knoco. (2008-2017). *Knowledge management technology*. Retrieved November 29, 2018, from <http://www.knoco.com/knowledge-management-technology.htm>

37. C

Violating a noncompete agreement. A noncompete agreement prevents employees from working for a direct competitor for a specific period of time after leaving a company. Since Katie is going to interview for a position with a competitor, she must make sure to consider any noncompete agreements that she may have made with her previous employer, or risk facing legal action. Inevitable disclosure is a doctrine that assumes that a former employee who goes to work for a competitor cannot avoid eventually revealing information about his/her former employer to his/her new one. Katie does not have to necessarily avoid discussing her former employer completely. She also should not avoid protecting trade secrets. Rather, she should be careful not to disclose any trade secrets so she does not incur legal trouble.

SOURCE: KM:004

SOURCE: Nolo. (2014, October 10). *Will a noncompete agreement stop employees from taking your trade secrets?* Retrieved November 29, 2018, from <http://www.nolo.com/legal-encyclopedia/noncompete-agreements-how-create-agreement-29784.html>

38. C

Critical incident interview. Companies collect knowledge for a variety of reasons. When workplace accidents occur, companies want to know how and why they happened, so they can take steps to prevent similar accidents in the future. Questioning employees who witnessed the accident is a good starting point for determining the cause of the accident. This questioning process is called a critical incident interview. The knowledge gathered from the interviews helps the company understand the circumstances or problems that led up to the accident. Brainstorming is a creative thinking technique. An employee performance review is a formal evaluation of an employee's work efforts.

SOURCE: KM:005

SOURCE: HR-Survey, LLC. (2018). *Training and development: Critical incident interview guide*. Retrieved November 19, 2018, from http://www.hr-survey.com/Critical_Incident_Interview_Guide.htm

39. C

Recognized. The first phase of the knowledge management process is discovery and detection, during which knowledge is recognized and categorized. Knowledge must be recognized before it can be embedded, analyzed, or manipulated.

SOURCE: KM:018

SOURCE: Knowledge Management Tools. (2010). *Knowledge discovery and detection*. Retrieved November 19, 2018, from <http://www.knowledge-management-tools.net/knowledge-discovery-and-detection.html>

40. B

Project a certain image. Branding is a critical component of marketing and business. Companies try to control how they and their products are perceived in consumers' minds. When Quentin wants people to see his restaurant as family-friendly and affordable, he is trying to project a certain image. Supporting a cause, developing new goods and services, and achieving stability are all important company goals, but they are not illustrated by this example.

SOURCE: MK:015

SOURCE: LAP-MK-002—Act Now! (Employee Actions and Company Goals)

41. C

Storing data. Information management involves gathering, sorting, evaluating, and disseminating information to aid business decisions. Businesses use different types of internal and external information to make decisions, such as sales history, customer profiles, and financial data. In order to obtain the information when the business wants it, the business needs a place to store the information. Today, most businesses store this information on computers. Although the business may store advertising, employee, and credit information on its computer, these are not primary functions of information management.

SOURCE: NF:110

SOURCE: LAP-NF-110—In the Know (Nature of Information Management)

42. A

Privacy. Information management is the process of accessing, processing, maintaining, evaluating, and disseminating knowledge, facts, or data for the purpose of assisting business decision-making. Some of this information may be personal data that businesses obtain about their employees, customers, suppliers, etc. Individuals have the right to expect that the privacy of their personal information will be maintained. Businesses that are ethical do everything they can to protect private information and make sure it is not misused or made available to unauthorized users. Safety is freedom from danger or risk. Dignity is a high degree of calmness and self-possession. Equity is fairness.

SOURCE: NF:111

SOURCE: Van den Hoven, J., Blaauw, M., Pieters, W., & Warnier, M. (2018, June 21). *Privacy and information technology*. Retrieved November 19, 2018, from <https://plato.stanford.edu/archives/sum2018/entries/it-privacy/>

43. D

Internet. The Internet is a worldwide network of computers that enables users to access information and communicate with others. The Internet provides businesses with the ability to post a lot of information (e.g., product information) in a cost effective way. The Internet also provides consumers with the ability to obtain a lot of product information from a central location at their convenience. Many websites have employees who answer customers' questions in real time through chat-room and text-messaging capabilities. High-definition television (HDTV) and satellite radio are forms of media that communicate information; however, they are expensive forms of media, and are limited in scope, depth of information, and interactivity. Scanners are electronic tools that transmit paper copies of text and graphics into a computer.

SOURCE: NF:086

SOURCE: Gregory, J.G. (n.d.). *How the internet changed communication in business*. Retrieved November 19, 2018, from <https://www.vonage.com/business/perspectives/how-the-internet-changed-communication-in-business/>

44. C

Allocate project resources. Project-management software allows businesses to plan, track, and evaluate all aspects of a project. A comprehensive project-management software program can help the project manager allocate resources—human, financial, material, capital—in the most efficient ways. Stakeholders, rather than software, define the project's purpose, establish the project's standards, and evaluate the quality of project deliverables.

SOURCE: NF:130

SOURCE: Techopedia. (2018). *Project management software*. Retrieved November 19, 2018, from <https://www.techopedia.com/definition/13132/project-management-software>

45. D

After work hours or when employees have down time. Database changes should be made at a time that is the most convenient for employees, such as after work hours or when they have down time. That way, employee work will have minimum disruptions. Changes need to be made to databases from time to time. These changes should not take place just as employees are beginning their work week. They should also not be made over lunch breaks, since changes may take much longer than the length of a break.

SOURCE: NF:264

SOURCE: Matteson, S. (2013, November 1). *Best practices for change management in the data center*. Retrieved November 19, 2018, from <http://www.techrepublic.com/blog/data-center/best-practices-for-change-management-in-the-data-center/>

46. C

Be aware of why the change is necessary. When going through data change, it is important to make sure that everyone involved is aware of why the change is happening and why it will benefit the organization. The organization should not revert back to their old processes after a change. More than one employee (in fact, as many as possible) should be capable of making the change. Finally, changes are most effective when everyone in the organization is in favor of the change.

SOURCE: NF:264

SOURCE: Prosci. (n.d.). *Best practices in change management*. Retrieved November 29, 2018, from <https://www.prosci.com/resources/articles/change-management-best-practices>

47. B

Migration. Migration is a population trend that indicates movement of people throughout the country as well as into and out of the country. Migration trends are important to businesses because businesses need to know where their customers are located. For example, many people are leaving colder climates and migrating to what is considered the Sunbelt. This movement affects businesses because the types of products they sell and the way they sell them will change. Also, the increased migration of ethnic groups into the country creates a need for new goods and services that meet the needs of a multicultural population. Lifestyle, consumption, and behavior are not population trends; however, these factors also affect how businesses market their goods and services.

SOURCE: NF:013

SOURCE: Cromwell, J. (2017, November 21). *Do changes in population as well as changes in lifestyle directly affect business operations?* Retrieved November 19, 2018, from <https://smallbusiness.chron.com/changes-population-well-changes-lifestyle-directly-affect-business-operations-34395.html>

48. A

Environmental. An environmental scan is a study of external forces that influence a business's success. Some external factors that a business looks at when conducting an environmental scan include economic indicators (e.g., unemployment rates, consumer spending) and political factors (e.g., trade regulations, government stability). By analyzing external factors, the business can make informed decisions about expanding its operations or entering new markets. An internal analysis involves studying factors within the business, such as products, policies, productivity, etc. An analysis of the business's strengths is an element of a SWOT analysis, and involves determining the things that the business does well. Tactics are the activities a business uses to carry out goals. The example does not involve analyzing its internal activities.

SOURCE: NF:015

SOURCE: LAP-NF-015—Get the 4-1-1 (Conducting an Environmental Scan)

49. A

Building codes. Established by the government, building codes are the minimal acceptable standards of safety for the construction of buildings, homes, bridges, etc. Businesses often expand by constructing new facilities (e.g., warehouses) and need to work with architects, construction companies, and government agencies to ensure that the facilities meet the necessary structural standards. Health ordinances or codes are laws pertaining to issues that affect public health such as food service, sanitation, and communicable diseases. Zoning laws are laws that regulate the use of property such as commercial or residential use. Environmental regulations are statutes that protect the natural environment from air and water pollution, waste disposal, etc.

SOURCE: OP:339

SOURCE: Crystal, G., & Foster, N. (2018, October 16). *What are building codes?* Retrieved November 19, 2018, from <http://www.wisegeek.com/what-are-building-codes.htm>

50. B

Discourages attempted burglaries. When would-be burglars see surveillance cameras in several locations around a business, they are less likely to attempt to break in because they will be videotaped or photographed by the cameras. When the burglars' actions are taped, law enforcement agencies are more likely to identify and arrest them. Although surveillance cameras don't prevent all burglaries or robberies, they can often deter these activities. Most businesses use a combination of security measures to secure their facilities, including door and window locks and different types of alarm systems. Businesses need and use different types of alarm systems, such as fire alarms or smoke detectors, which are often required by law. Therefore, the use of surveillance cameras does not eliminate the need for alarm systems. Extortion is blackmail and would not necessarily be impacted by surveillance cameras.

SOURCE: OP:013

SOURCE: Starr, R. (2017, October 31). *10 tips to prevent burglaries at your small business.* Retrieved November 19, 2018, from <https://smallbiztrends.com/2017/10/prevent-burglaries-at-your-small-business.html>

51. D

Critical activities. Critical activities are the most important tasks to do and often need immediate attention. These tasks might involve solving a customer's problem or preparing a report for a spur-of-the-moment meeting. Listing critical activities often helps employees prioritize and plan their work, which can help them achieve their deadlines. Routine tasks, such as checking email, are performed on a regular basis and often do not require a lot of time or thought. Accomplishments are things that have been achieved. Long-term goals are objectives that will take a year or more to reach.

SOURCE: OP:228

SOURCE: Dawn, M. (2017, February 7). *How to determine workplace priorities*. Retrieved November 19, 2018, from <http://work.chron.com/determine-workplace-priorities-17470.html>

52. A

Sequentially. Sequential order involves performing tasks in a logical order to achieve a desired outcome. In the workplace, it is important to coordinate tasks, especially when one employee must complete a task so another employee can perform the next task in the process that is needed to complete a required activity. In the example, each employee requires a coworker to complete a task so the next person can do his/her job; therefore, the work must be coordinated so it is performed in a certain sequence. If the employees are performing tasks simultaneously, they are doing the tasks at the same time. There is not enough information provided to determine if the tasks must be performed quickly. If the tasks are done in no particular order, they are being performed randomly.

SOURCE: OP:230

SOURCE: Project Management Institute (2013). *A guide to the project management body of knowledge: PMBOK guide* (5th ed.) [pp. 153-160]. Newtown Square, PA: Project Management Institute.

53. A

Leah must stay in constant communication with her employees about their tasks. Even though Leah delegated her tasks to her employees, they are still her responsibility. She must stay in constant communication with her employees to make sure that they're on track. As a manager, it is acceptable for Leah to delegate tasks to her employees. It is not necessary to sit with employees to make sure they finish their work. In fact, doing so may hinder the employees' work.

SOURCE: OP:354

SOURCE: Suttle, R. (2016, October 26). *How to be a good manager by delegation*. Retrieved November 19, 2018, from <http://smallbusiness.chron.com/good-manager-delegation-36658.html>

54. B

58%. To determine the increase in production, first calculate how many bikes Marcus produced per week on average before the new technology. Assuming that he works eight hours per day, multiply Marcus' hourly rate by eight to calculate his daily rate ($50 \times 8 = 400$ bikes per day). Next, multiply his daily rate by five to calculate his weekly rate ($400 \times 5 = 2,000$ bikes per week). Finally, divide his new rate of 3,150 bikes per week by his old average of 2,000 bikes per week to calculate the percent increase ($3,150 / 2,000 = 1.58$ or 158%). Marcus produced 158% of his previous average weekly rate, meaning his production increased by 58%.

SOURCE: OP:355

SOURCE: Leonard, K. (2017, September 11). *How to streamline work process and improve workflow*. Retrieved November 19, 2018, from <http://smallbusiness.chron.com/streamline-work-process-improve-work-flow-3929.html>

55. B

Identify the project's stakeholders. The first step is to figure out who else is involved in the project—the project's stakeholders. Identifying the project's stakeholders is the first step because you do not want to start planning any other aspects of the project without getting their input and including them in the process. Before you determine quality standards, identify resources, or develop a draft plan, you need to identify the project's stakeholders so they will be considered throughout these other steps.

SOURCE: OP:519

SOURCE: LAP-OP-519—Plan On It! (Planning Projects)

56. C

Consider project goals. While there are some general parts of any project that you can evaluate, you should look at which measures are most important for your specific project. To start, consider project goals. Your most important evaluation criteria will likely relate directly to your project's objectives. Communicating lessons learned, performing gap analysis, and focusing on financial data are not ways to start determining which parts of a project are successful.

SOURCE: OP:521

SOURCE: LAP-OP-521—Making the Grade (Evaluating Project Success)

57. A

There are many qualified sellers. The request for quotation (RFQ) summarizes the details about the business's needs, bid requirements, and deadlines. After the business obtains the bids, it can assess each bidder's strengths and weaknesses. The vendors' goal is to win the bid, and the business's goal is to obtain the best price. RFQs are appropriate to use when there are many qualified sellers (vendors) with similar products and pricing. Businesses often send out RFQs when the dollar or product volume is high or the product or project is complex. In some situations, the vendors must take a lot of time to develop their quotations when the request is complex. RFQs are not generally used when product volume is low, there is a short lead time, or the company has a preferred supplier.

SOURCE: OP:160

SOURCE: Investopedia. (2018, August 2). *Request for quote (RFQ)*. Retrieved November 19, 2018, from <https://www.investopedia.com/terms/r/request-for-quote.asp>

58. B

Resistance to change. Resisting change can hinder the ability to maintain positive working relationships with others. Business partners (e.g., vendors) who have had no input in the proposed changes tend to react negatively to change. To get the vendor on board with the new system, the business may want to get the vendor's opinions and ideas. By doing so, the business shows that it respects the vendor's position in the supply chain and is willing to collaborate. There is not enough information to determine the reason why the vendor is resisting change—legal concerns, lack of information, product quality, etc.

SOURCE: OP:241

SOURCE: Rick, T. (2013, March 8). *Change is not the problem - Resistance to change is the problem*. Retrieved November 19, 2018, from <https://www.torbenrick.eu/blog/change-management/change-is-not-the-problem-resistance-to-change-is-the-problem/>

59. C

Blanket. A blanket order is an order that covers all or part of a retailer's seasonal requirements. Businesses typically place blanket orders several months before the season and usually provide dollar limits, but they do not contain detailed specifications or shipping dates. An open order is an order for staple goods that a business places with one of several available vendors who can meet its immediate requirements (e.g., time, price, quantity). A custom order is a request for a product that a vendor does not normally carry in stock. Provisional is not a type of purchase order.

SOURCE: OP:250

SOURCE: Unleashed. (2016, July 7). *Managing procurement: Purchase orders*. Retrieved November 19, 2018, from <https://www.unleashedsoftware.com/blog/managing-procurement-purchase-orders>

60. B

MRO goods. MRO goods are maintenance, repair, and operating supplies such as office supplies, janitorial supplies, employee uniforms, and work gloves. While none of these supplies will be part of the company's finished products—automotives—PVX uses these supplies on a regular basis to ensure that the manufacturing process runs smoothly. Raw materials are items in their natural state or condition, such as glass or steel. Work-in-process consists of the car parts and components that are no longer raw materials but are not completely finished yet. Finished products are completed goods that are ready to be marketed to consumers.

SOURCE: OP:336

SOURCE: Murray, M. (2017, October 16). *Maintenance, repair, and operating supplies (MRO)*. Retrieved November 19, 2018, from <https://www.thebalancesmb.com/maintenance-repair-and-operating-supplies-mro-2221265>

61. C

\$1,501.47. 5/10 net 30 means that the buyer will receive a 5% discount if the buyer pays within 10 days of the invoice date, and the entire invoice must be paid within 30 days. To calculate how much the restaurant supply company will owe if it pays within 10 days of the invoice date, first determine the discount amount in dollars. To obtain the discount amount in dollars, multiply the order amount by the discount percentage ($\$1,580.50 \times .05$ [or 5%] = \$79.025, which rounds to \$79.03). Then, subtract the discount amount in dollars from the original order amount ($\$1,580 - \$79.03 = \$1,501.47$).

SOURCE: OP:337

SOURCE: Young Entrepreneur Council. (2012, October 12). *13 tips for negotiating with suppliers*. Retrieved November 19, 2018, from <http://www.inc.com/young-entrepreneur-council/tips-for-negotiating-with-a-supplier.html>

62. D

\$98 on the 10th day or \$100 by the 30th day. 2/10, net 30 terms mean you can receive a 2% discount by paying by the 10th day. Net 30 refers to paying the entire balance by the 30th day. None of the other options abide by 2/10, net 30 terms.

SOURCE: OP:337

SOURCE: Procurify Staff. (2017, December 19). *Procurement payment terms: The bumper edition*. Retrieved November 29, 2018, from <https://blog.procurify.com/2017/05/24/procurement-payment-terms/>

63. D

Creates form utility. One of the benefits of production is that it creates form utility—usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer or user. Without production, many resources would be of little use to consumers. All of the other alternatives are benefits of production to businesses, not consumers.

SOURCE: OP:017

SOURCE: LAP-OP-017—Can You Make It? (Nature of Production)

64. A

Monitor quality consistency. Quality control involves ensuring the degree of excellence of a good or service. Most businesses use some type of quality control method to achieve their standards of excellence and minimize errors. The quality control methods used depend on the type of business and work that is being produced. Manufacturing companies often inspect random items as they come off the production line to ensure that the items meet their quality standards. If all the inspected items meet the established standards, the products' quality levels are consistent. Random product inspections do not improve product value, achieve sales goals, or assess employees' ideas.

SOURCE: OP:164

SOURCE: BusinessKnowledgeSource.com. (2003-2010). *Choosing the best quality control methods*. Retrieved November 19, 2018, from http://www.businessknowledgesource.com/manufacturing/choosing_the_best_quality_control_methods_028685.html

65. C

Reducing inventory. Supply chain management is the supervision of the process of getting products into the marketplace and managing the flow of goods. Reduced inventory means that products are flowing from manufacturer to customer efficiently, so reducing inventory is a goal of supply chain management. Supply chain management does not relate to managing customer relations, storing marketing data, or planning promotional strategies.

SOURCE: OP:303

SOURCE: Rouse, M. (2018, February). *Supply chain management (SCM)*. Retrieved November 19, 2018, from <http://searchmanufacturingerp.techtarget.com/definition/supply-chain-management>

66. D

Production. Business analysis is the process of investigating and evaluating a business issue, problem, process, or approach. Analysis helps the business determine if it is accomplishing goals or if it needs to make adjustments so it can accomplish its goals. Businesses analyze many types of situations.

Production is the process of producing goods and services. When the business detects production problems (e.g., output decreases), it needs to obtain data to find out why problems are occurring, so it can take the appropriate steps to resolve the problem. Distribution is the business function of moving or transferring the ownership of goods or services from producers to consumers. Finance is the business function that involves the management of money. Human resources are the people who work to produce goods and services. There is not enough information provided to determine if the production issues relate to the production workers' performance levels, raw materials and inventory shortages, or equipment malfunctions.

SOURCE: OP:327

SOURCE: Williams, L. (n.d.). *Factors of production: Inputs and outputs*. Retrieved November 19, 2018, from <https://courses.lumenlearning.com/baycollege-introbusiness/chapter/reading-resources-inputs-and-outputs/>

67. B

SWOT analysis. A SWOT analysis is a marketing tool that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. It includes internal and external factors associated with the business. A financial report is a document containing information related to the overall income and expenses of a business. A PESTEL analysis focuses only on external factors—political, economic, social, technological, environmental, and legal. A balance sheet is a financial statement that captures the financial condition of the business at that particular moment.

SOURCE: OP:327

SOURCE: PESTLE Analysis. (2015, March 20). *The main difference between business analytics and business analysis*. Retrieved November 29, 2018, from <https://pestleanalysis.com/differences-between-business-analytics-and-business-analysis/>

68. A

Supply chain network. Supply chain networks encompass the flow and movement of materials and information among connected organizations. Because of the plant closure, the manufacturer would be unable to provide steel to the distributors and stores that need it. This would result in a disruption of the supply chain network. This situation would probably not influence the company's chain of command, marketing department, or advertising budget.

SOURCE: OP:479

SOURCE: Adaptalift Group. (2011, September 27). *What is a supply chain network?* Retrieved November 19, 2018, from http://www.aalhyterforklifts.com.au/index.php/about/blog-post/what_is_a_supply_chain_network

69. A

Business processes. The design of business processes can be influenced by many types of factors. Human factors that can influence business process design include stress, employee morale, and fatigue. Regulatory and environmental factors include governmental regulations and the political or social environment surrounding an organization. Technological factors include the cost of necessary equipment or technology.

SOURCE: OP:475

SOURCE: Taylor, H. (2016, September 26). *Factors that affect process design*. Retrieved November 19, 2018, from <https://bizfluent.com/list-7444011-factors-affect-process-design.html>

70. D

Customer dissatisfaction with the manufacturer. Customers who are unable to purchase food for their pets are likely to be dissatisfied and frustrated with the pet food manufacturer. The lack of pet food would result in decreased sales, not increased sales. The relationship between the manufacturer and its suppliers would likely be damaged, since the suppliers would lose sales and customers from the lack of pet food.

SOURCE: OP:477

SOURCE: Ingram, D. (2016, October 26). *How does supply chain management affect manufacturing companies?* Retrieved November 19, 2018, from <http://smallbusiness.chron.com/supply-chain-management-affect-manufacturing-companies-75841.html>

71. B

Supply chain. Supply chain management is increasingly influenced by modern technology as new innovations such as digital warehouse management systems become widely available. Digital warehouse management systems help companies distribute products more efficiently by tracking inventory in real-time—a technology that allows for better supply chain management. This example does not illustrate the effect of technology on human resource, financial, or employee management.

SOURCE: OP:478

SOURCE: BR Williams. (2018, July 25). *Where's my inventory? 7 benefits of choosing a warehouse with a digital warehouse management system.* Retrieved November 19, 2018, from <https://www.brwilliams.com/blog/7-benefits-of-choosing-warehouse-with-digital-warehouse-management-system/>

72. C

Determine the steps that employees need to follow to complete the project. Business process thinking is a method of thinking that emphasizes the importance of processes in business. Managers who use business process thinking would most likely focus on establishing the process that employees should follow before beginning a new project. While the end result is important in any project, managers who use business process thinking would place more emphasis on the process than the result when beginning a new project. They would not create a list of things employees should avoid doing during the project. Examining the financial implications of a project is important but does not describe business process thinking.

SOURCE: OP:474

SOURCE: Pitagorsky, G. (2016, August 3). *The importance of process thinking.* Retrieved November 19, 2018, from <https://www.projecttimes.com/george-pitagorsky/the-importance-of-process-thinking.html>

73. B

Work with experienced partners abroad. Working with a partner that has experience in a particular market can help companies learn about and mitigate the risks particular to that market. Hiring only local workers will not necessarily help manage risks; in fact, it could bring more risks due to different labor laws. Working within the same time zone might help eliminate some risks, but it will also limit the company's ability to expand into most markets. Finally, accepting lower quality levels will not manage risks; it can create more risk by making the company liable for defects.

SOURCE: OP:480

SOURCE: Brosch, A. (2015, July 27). *6 global supply chain challenges to ignore at your own risk.* Retrieved November 19, 2018, from <http://www.inboundlogistics.com/cms/article/6-global-supply-chain-challenges-to-ignore-at-your-own-risk/>

74. C

Keep sensitive records encrypted. Encrypting sensitive data such as credit card information, phone numbers, and addresses can prevent security breaches that can lead to information theft. Accepting payments in cash only may prevent security breaches but would most likely hurt a business' sales. Requiring customers to show a form of identification would not prevent sensitive information from being leaked or stolen. Businesses should use their own dedicated server for storing sensitive data. Using a shared server is a risk because other people or companies may have access to the information stored on it.

SOURCE: OP:518

SOURCE: QuickBooks. (2011, April 19). *8 ways to protect your customers' information*. Retrieved November 19, 2018, from <http://quickbooks.intuit.com/r/marketing/8-ways-to-protect-your-customers-information/>

75. A

Minimal input from others. Routine decisions are types of decisions that people make every day without much thought or input. For example, a business runs out of copy paper, so the purchasing manager orders some more. This type of decision does not need a lot of input from others, nor does it require the manager to write down the options, or analyze the risk. The decision is routine—the business cannot function without having the sufficient supplies.

SOURCE: PD:077

SOURCE: LAP-PD-077—No Problem (Demonstrating Problem-Solving Skills)

76. C

General management. If Heather is the manager of the children's clothing department at a large department store, she has a general management career. She does not have a business analytics, operations management, or supply chain management career.

SOURCE: PD:297

SOURCE: LAP-PD-019—Career Opportunities in Business Management and Administration

77. C

Monitor trends in their occupations. A trend is defined as the general direction in which people or events are moving. Many people who monitor the trends in their occupation or profession can determine what skills they need to enhance or develop and take steps to educate themselves and become more marketable in their fields. For example, a graphic artist takes desktop publishing classes when software upgrades are released. By keeping up with the changes in the profession, the graphic artist learns skills that make her/his job easier as well as possessing skills that many employers or clients desire. Self-esteem, attitudes, and job acquisition might affect workers' ability to acquire skills but does not necessarily further their careers.

SOURCE: PD:035

SOURCE: Rodabaugh, D. (2015, September 16). *25 creative ways to further your career*. Retrieved November 19, 2018, from <https://articles.bplans.com/25-creative-ways-ways-to-further-your-career/>

78. A

Increases efficiency. The chain of command defines the level of authority and the specific individual who supervises particular employees. Having a chain of command helps provide order and structure for business. Having order and structure helps the business operate efficiently. The level of collaboration, teamwork, and creativity depends on the nature of the business and the business's work culture.

SOURCE: PD:252

SOURCE: Kelchner, L. (2018, June 29). *The importance of following the chain of command in business*. Retrieved November 19, 2018 from <http://smallbusiness.chron.com/importance-following-chain-command-business-23560.html>

79. C

Time-bound. SMART is the acronym for specific, measurable, achievable, realistic and time-bound, which are the characteristics of effective goals. In the example, the goal states that phase one of the project will be done by a specific date, making it time-bound. There is not enough information provided to determine if the stated completion date is realistic. Motivational and structured are not words that apply to SMART objectives.

SOURCE: PJ:005

SOURCE: Esposito, E. (2018, July 27). *The essential guide to writing S.M.A.R.T. goals*. Retrieved November 19, 2018, from <https://www.smartsheet.com/blog/essential-guide-writing-smart-goals>

80. D

Micromanage the project. Micromanagement occurs when the project manager excessively controls project activities. This practice often involves making decisions that team members can typically make themselves to perform and complete their work. Micromanagement tends to frustrate team members because it hinders their ability to perform their work efficiently. To avoid this problem, project-management experts believe that the project manager should not provide too much detail in work packages, which allows the team members to make basic decisions that affect their work. This, in turn, frees the project manager's time to look at the "bigger picture" and address the major issues that come up during the execution phase of the project. Project managers must allocate project resources effectively to complete the project. Providing too much detail in work packages does not influence the need to allocate project resources, simplify project deliverables, or develop a SWOT analysis.

SOURCE: PJ:006

SOURCE: Mathis, M. (2018). *Work breakdown structure: Purpose, process, and pitfalls*. Retrieved November 19, 2018, from <http://www.projectsart.co.uk/work-breakdown-structure-purpose-process-pitfalls.html>

81. A

Project's workflow. When the scope of the project increases, it usually means that team members will need to do additional tasks to complete the project. Therefore, it is important for the project manager to share information about the changes with his/her team members. Changes in the project's scope do not always affect the company's image, nor do they affect the team members' competence or performance reviews.

SOURCE: PJ:009

SOURCE: Harrin, E. (2018, August 30). *Managing changes on projects*. Retrieved November 29, 2018, from <https://www.thebalancecareers.com/managing-changes-on-projects-4041353>

82. C

Motivating the team. Project managers can motivate team members by reinforcing positive behavior and by rewarding them for reaching certain goals. Offering an incentive such as a celebration luncheon can encourage team members to keep striving to achieve the team's goals. In this situation, the project manager is not expressing empathy, measuring goals, or offering a financial incentive, such as a bonus.

SOURCE: PJ:007

SOURCE: Allan, L. (2003-2018). *Managing a project team*. Retrieved November 19, 2018, from http://www.businessperform.com/html/project_team_management.html

83. C

Network diagram. A network diagram is used to plan and track the project from beginning to finish. A work breakdown structure shows the "part-whole" relationships in a project. In this example, the network diagram shows the major steps of the project from beginning to end. For example, each task in Kevin's project requires sub-steps that would be diagrammed in a work breakdown structure (e.g., sub-steps required to prepare house for painting: take down shutters, scrape off chipping paint, etc.). A scope management plan defines the project's purpose, rationale, the results to be achieved, and the products to be developed. A project charter is a written overview of a project that includes information such as the project purpose, goals, and products. It also identifies the project manager and authorizes him/her to begin work on the project.

SOURCE: PJ:010

SOURCE: Dummies. (n.d.). *How to create a network diagram*. Retrieved November 19, 2018, from <http://www.dummies.com/careers/project-management/how-to-create-a-network-diagram/>

84. D

Successes, failures, and suggestions for improvement. During the project's closing phase, the project manager, team, and stakeholders provide feedback for a "lessons-learned" document. The "lessons-learned" document summarizes the project's successes and failures. The document also includes suggestions for improvement for similar projects in the future. Costs may be an issue addressed in the successes, failures, or suggestions for improvement areas of the document. Project managers develop the project charter and the statement of work during the initiation or beginning phase of the project.

SOURCE: PJ:008

SOURCE: Project Management Docs. (n.d.). *Lessons learned*. Retrieved November 19, 2018, from <http://www.projectmanagementdocs.com/project-closing-templates/lessons-learned.html#axzz4eFPJgKvT>

85. A

Durability. If products are breaking for some reason, there is a product-durability problem. In Fisher's situation, products are breaking, and it needs to find out why, so it can take steps to fix the problem and restore or improve product quality. The problem might involve an issue with its vendors, if they are providing substitute or lower quality parts or raw materials. The problem might involve an issue with faulty machinery on the production line or untrained workers who are not assembling the item correctly. Volume is the amount or degree of something. Distribution is the business function of moving goods and products to the end users. Costs are expenses. The example does not illustrate a product-quality issue with volume, distribution, or costs.

SOURCE: QM:001

SOURCE: LAP-QM-001—Keep It Quality (Nature of Quality Management)

86. B

Six Sigma. Six Sigma is a popular quality management framework used by businesses around the world to ensure that their products are high quality and deliver maximum value to customers. These businesses usually rely on certain specially-trained personnel to implement Six Sigma methodologies. These individuals are known as Master Black Belts, Black Belts, Green Belts, etc. ITIL, which stands for Information Technology Infrastructure Library, consists of a set of publications which specify how to provide high-quality information technology (IT) services and ensure effective IT service management. Organizations use CMMI, short for Capability Maturity Model Integration, to increase process effectiveness and improve overall business performance. CMMI can be used in three distinct areas: product/service development, product/service management, and product/service acquisition. Neither ITIL nor CMMI uses martial arts terminology. Quality Max is fictitious.

SOURCE: QM:002

SOURCE: American Society for Quality. (2018). *Six Sigma belts, executives and champions - What does it all mean?* Retrieved November 19, 2018, from <http://asq.org/learn-about-quality/six-sigma/overview/belts-executives-champions.html>

87. C

Monitoring data. Continuous improvement is an ongoing process that looks for ways to increase the levels of excellence in relation to a process, good, or service. By monitoring various data, the business can detect problems, which can help the business identify ways or opportunities for improvement. After the business identifies opportunities for improvement, it can set goals to improve quality. The improvement goals may or may not include budget and resource issues.

SOURCE: QM:003

SOURCE: Taylor, H. (2017, September 26). *Benefits of continuous quality improvement (CQI)*. Retrieved November 19, 2018, from <https://bizfluent.com/facts-5317408-benefits-continuous-quality-improvement-cqi.html>

88. D

A risk assessment. An important aspect of risk management is conducting a risk assessment, which is the process of determining the level of risk associated with an action or product. Sometimes as a result of conducting a risk assessment, a manager may find that a perceived risk is much less threatening than s/he originally thought. For example, although Sasha's team members were alarmed by rumors of bear attacks, she may discover while conducting her risk assessment that the rumors are untrue and that there is little chance of bear attack at the park. An environmental scan is a process in which businesses gather information about their surroundings, analyze that information, and determine the future impact of that information. Risk communication focuses on how to effectively communicate information associated with risk. A SWOT analysis is a marketing tool that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion.

SOURCE: RM:041

SOURCE: LAP-RM-041—Manage Risk the Right Way (Ethics in Risk Management)

89. D

Not being ethical. If an organization does not practice risk management, it is not being ethical because it is not preparing for the possibility of loss and treating its stakeholders fairly. It is not necessarily seeking a larger return on investment, treating customers fairly, or enhancing possibilities for gain.

SOURCE: RM:041

SOURCE: LAP-RM-041—Manage Risk the Right Way (Ethics in Risk Management)

90. C

Return on investment risk. Cloud computing keeps businesses from having to invest in computer hardware, such as servers, and software, thereby avoiding return on investment risk. Instead, businesses pay a provider only for the services that they use—much like paying an electric bill. The contract with the provider can be ended at any time. Customers will probably receive better service since the business is not having down time when its computers malfunction. Speculative risk is the chance of loss or gain. Pure risk exists when, if something happens, it will result in a loss.

SOURCE: RM:042

SOURCE: Coles, C. (2018, July 30). *11 advantages of cloud computing and how your business can benefit from them in 2018*. Retrieved November 19, 2018, from <https://www.skyhighnetworks.com/cloud-security-blog/11-advantages-of-cloud-computing-and-how-your-business-can-benefit-from-them/>

91. B

Liability. Risk retention groups are liability insurance companies owned by their members, who are typically businesses, professionals, and municipalities that are unable to acquire liability insurance from traditional insurance companies. Types of liability insurance that risk retention groups typically offer include errors and omissions, medical malpractice, directors and officers, product liability, professional liability, etc. Risk retention groups are not legally permitted to offer life, homeowners, or health insurance in most countries.

SOURCE: RM:043

SOURCE: International Risk Management Institute, Inc. (2017, April 12). *Risk retention groups: A basic overview*. Retrieved November 19, 2018, from <https://www.captive.com/news/2017/04/12/risk-retention-groups-basic-overview>

92. D

Reduces tax due on the captive's premiums. Even if it is not associated with an insurance company, an individual company, industry, or association may create a captive insurance company to specifically protect its parent group(s). The captive insurer aids its parent group(s) by reducing premium expenses, freeing up capital, and covering risks not commonly addressed by the greater insurance company. In addition, forming a captive insurance company can reduce, eliminate, or defer federal taxes due on the corporation's insurance premiums. A captive insurer typically decreases the tax due on a company's loss reserves. Forming a captive insurance company does not typically increase the corporation's sales tax liabilities, nor does it eliminate the corporation's state tax liabilities.

SOURCE: RM:043

SOURCE: Bertucelli, R.E. (2013, March 1). *The benefits of captive insurance companies*. Retrieved November 29, 2018, from <http://www.journalofaccountancy.com/Issues/2013/Mar/20126102.htm>

93. A

Setting goals. The management function of deciding what will be done and how it will be accomplished is planning. An important aspect of the planning function is determining the goals or desired outcomes. All other functions of management—organizing, staffing, controlling, and directing—are affected by the planning function. Monitoring work is an element of the control function of management. Training employees and assessing their performance are elements of the staffing function of management.

SOURCE: SM:063

SOURCE: McNamara, C. (n.d.). *How to do planning*. Retrieved November 19, 2018, from <http://managementhelp.org/planning/index.htm>

94. D

Organizing. Organizing is the management function of setting up the way the business's work will be done. Determining how to structure the business is an organizing activity. Directing is the management function of providing guidance to workers and work projects. Controlling is the management function that monitors the work effort. Staffing is the management function of finding workers for the business.

SOURCE: SM:064

SOURCE: LAP-SM-064—Put It All Together (Managerial Considerations in Organizing)

95. A

Assigning responsibility. Organizing is the management function of setting up the way the business's work will be done. Assigning responsibility (establishing levels of authority) is an organizing activity. Hiring talented workers is a staffing activity. Evaluating job performance is a controlling activity. Management can monitor and adapt to external conditions but cannot control them.

SOURCE: SM:064

SOURCE: Management Study Guide. (n.d.). *Functions of management*. Retrieved November 19, 2018, from http://www.managementstudyguide.com/management_functions.htm

96. D

Higher employee turnover. When a business is understaffed, managers often expect employees to work longer hours. Employees who work longer hours over a long period of time often become burned out and dissatisfied with their jobs, prompting them to look for new jobs and leave the company. Therefore, a business may experience higher employee turnover under these circumstances. When there is a shortage of employees to help customers, customers may become dissatisfied with the business. In some situations, businesses must pay overtime to employees, so the business's payroll expenses may actually increase. Sales quotas are specific goals set for members of the sales force. Understaffing can occur in areas other than the sales department; therefore, businesses do not always lower sales quotas when they are understaffed.

SOURCE: SM:065

SOURCE: Nestor-Harper, M. (2017, November 21). *Understaffing issues in the workplace*. Retrieved November 19, 2018, from <https://smallbusiness.chron.com/understaffing-issues-workplace-46884.html>

97. C

Directing. Directing is the management function of providing guidance to workers and work projects. Directing activities include motivating, leading, and disciplining workers. When a manager encourages an employee to do something, the manager is performing a directing activity. Organizing is the management function of setting up the way the business's work will be done. Recruiting is a staffing activity. Staffing is the management function of finding workers for the business.

SOURCE: SM:066

SOURCE: Management Study Guide. (n.d.). *Directing function of management*. Retrieved November 19, 2018, from http://www.managementstudyguide.com/directing_function.htm

98. D

Concurrent control. Concurrent controls monitor business activities as they are being performed. The assistant bank manager watched and listened to her tellers carrying out their jobs, realized that there was a problem, and immediately corrected the problem. Preventive controls take place before a business activity takes place, while feedback controls occur after a business activity has been completed. Post controls, more commonly referred to as postcontrols, are feedback controls.

SOURCE: SM:004

SOURCE: Dontigney, E. (2016, October 26). *Examples of concurrent control in management*. Retrieved November 19, 2018, from <https://smallbusiness.chron.com/examples-concurrent-control-management-80471.html>

99. B

Implement and adjust to new processes and procedures. Change management is a set of strategies designed to ensure that changes in an organization are smoothly and thoroughly implemented. Change management does not enable organizations to make immediate changes to things that employees dislike, and it is not intended to satisfy only the wants and needs of the most valuable employees. Change management is not intended to improve an organization's operations and logistics management practices.

SOURCE: SM:095

SOURCE: Mind Tools Content Team. (1996-2018). *Change management*. Retrieved November 19, 2018, from https://www.mindtools.com/pages/article/newPPM_87.htm

100. C

Top-down and bottom-up dialogue among all employees. In order for change management to be successful, all employees must be engaged in the change. Therefore, both senior managers and lower level employees need to be involved in active dialogue for the smooth implementation of a new process or procedure. Dialogue among upper management employees only, decision-making by top managers without staff input, and dialogue only among entry-level employees would all result in valuable perspectives and ideas being excluded from the change management process.

SOURCE: SM:096

SOURCE: TwentyEighty Strategy Execution, Inc. (2015). *The change management life cycle: How to involve your people to ensure success at every stage*. Retrieved November 19, 2018, from <https://www.strategyex.com/~media/Files/Public-Site/US/POVs/ChangeManagement>