



Competency-Based
Competitive Events
Written Exam
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Test Number 1243
Booklet Number _____

Business Management and Administration Exam

Human Resource Management
Retail Management

INSTRUCTIONS: This is a timed, comprehensive exam for the occupational area identified above. Do not open this booklet until instructed to do so by the testing monitor. You will have _____ minutes to complete all questions.

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1. Serena is responsible for making business decisions on Logan's behalf, which includes looking out for his best interests. In this situation, Serena is the _____, and Logan is the _____.
 - A. executor; advocate
 - B. advocate; agent
 - C. principal; executor
 - D. agent; principal
2. The form of business organization that limits the losses and the risks of the owner(s) is a
 - A. sole proprietorship.
 - B. general partnership.
 - C. consignment.
 - D. corporation.
3. Which of the following is a reason that someone might want to settle a legal case:
 - A. To have a lengthy trial
 - B. To avoid a judge's approval
 - C. To damage someone's reputation
 - D. To avoid a costly trial
4. The litigation process begins when
 - A. the plaintiff files a complaint with the court.
 - B. the defendant files an answer with the court.
 - C. the parties reach a settlement.
 - D. an appeal is considered.
5. Which of the following is a benefit of using mediation to resolve disputes:
 - A. Higher payouts for defendants
 - B. Cost-effectiveness and efficiency
 - C. Decisions that carry more weight
 - D. Unbiased third-party decision maker
6. Why is it important for business employees to ask relevant questions?
 - A. To offer suggestions
 - B. To send messages
 - C. To clarify meanings
 - D. To make statements
7. Which of the following is an example of tacit knowledge:
 - A. Driving a car
 - B. Customer information
 - C. Putting together furniture
 - D. Historical data
8. Greta worked for Coca-Cola for 10 years, but after leaving her position, she was offered a new job with Pepsi. Coca-Cola sought legal action to prevent Greta from sharing her knowledge about the company with its top competitor. This is due to a legal doctrine known as
 - A. antitrust policy.
 - B. a copyright violation.
 - C. a noncompete agreement.
 - D. inevitable disclosure.
9. Thomas is preparing a report that discusses the factors that are preventing the business from generating the desired profit. He must provide suggestions for improving the business's financial situation in the report. What type of analytical report is Thomas writing?
 - A. Market analysis
 - B. Troubleshooting
 - C. Feasibility
 - D. Justification
10. When bottlenecks in business processes develop that cause a company to miss deadlines and waste resources, an effective manager would most likely choose to
 - A. implement an employee incentive program.
 - B. invest in quality control.
 - C. redesign the business processes.
 - D. speed up production.
11. When writing a cover letter for a job, it is important to
 - A. adapt the letter to the person and company you are writing to.
 - B. leave out any unflattering details about your work history.
 - C. provide your entire medical history and health record.
 - D. include your current and future marital status.
12. Which of the following is an example of informal workplace communication:
 - A. Two coworkers share their opinions about a new work project during a coffee break.
 - B. The president of the Cantrell Corporation announces expansion plans in a press release.
 - C. A project manager develops a production schedule to distribute to the project team.
 - D. A human resources manager conducts a training session for new employees.

13. Many businesses establish guidelines to direct the interactions of employees with customers for the purpose of
- A. motivating the sales force.
 - B. attracting new credit customers.
 - C. promoting good customer relations.
 - D. increasing the level of gross margin.
14. Negative word-of-mouth advertising due to unresolved customer complaints can cost a business its
- A. reputation.
 - B. employees.
 - C. facilities.
 - D. licenses.
15. Which of the following types of goods do marketers classify according to their uses:
- A. Specialty
 - B. Convenience
 - C. Shopping
 - D. Industrial
16. Which of the following situations involves finding another source of a limited natural resource:
- A. Paying a higher price for oil
 - B. Conserving the oil that we use
 - C. Searching for oil on the ocean floor
 - D. Replacing oil with natural gas
17. Country X recently lifted an embargo on Country Z, which provides businesses in both countries additional opportunities to engage in international trade. This is an example of a _____ factor that affects the business environment.
- A. technological
 - B. social
 - C. demographic
 - D. political
18. During the summer, wildfires swept through Montana and consumed many homes and businesses. Business owners rebuilt their businesses because they believed that the risk involved with wildfires was just part of doing business in Montana. Which type of risk did the business owners encounter?
- A. Natural
 - B. Economic
 - C. Human
 - D. Incompetence
19. Before producing any widgets, a business has total costs of \$25,000 that increases to \$27,500 when the business produces 1,000 widgets. What is the marginal cost of producing each widget?
- A. \$27.50
 - B. \$2.75
 - C. \$25.00
 - D. \$2.50
20. After an up-and-coming small business relocated to Springfield, Ohio, the city enjoyed an economic boom and an increase in job openings for its citizens. This is an example of
- A. the disadvantage for companies that move into struggling towns.
 - B. how corporations harm the growth of small businesses.
 - C. the positive impact of entrepreneurship on local economies.
 - D. small businesses driving out a town's larger corporations.
21. What is a necessary component of quality-assurance activities?
- A. Supplier input
 - B. Product innovation
 - C. Classified information
 - D. Systematic process
22. What function of management establishes a company's levels of authority?
- A. Organizing
 - B. Staffing
 - C. Controlling
 - D. Evaluating
23. The person in charge of an organization's knowledge management efforts is the
- A. knowledge leader.
 - B. chairperson of the board.
 - C. manager of the IT department.
 - D. chief executive officer.
24. Which type of decision is most likely to have a long-term impact on your life?
- A. Simple
 - B. Limited
 - C. Routine
 - D. Extensive

25. Elias always listens to his friends instead of letting his mind wander or getting distracted by his phone. Which trust-building technique is Elias demonstrating?
- A. Keeping your promises
 - B. Taking responsibility for your mistakes
 - C. Not sharing confidential information
 - D. Communicating often and openly
26. Empathy can help employees to handle customers' returns effectively because it will enable them to
- A. identify fraudulent reasons for returns.
 - B. feel customers' frustration with the products.
 - C. keep the business from losing money on the returns.
 - D. persuade customers to keep their original purchases.
27. A purpose of effective communication in marketing is to
- A. identify a specific market.
 - B. persuade consumers to buy.
 - C. make encoding unnecessary.
 - D. reduce the need for promotion.
28. Which of the following types of reports should Claire write if she is attempting to explain why her company's sales have been declining:
- A. Informational
 - B. Analytical
 - C. Proposal
 - D. Persuasive
29. What type of project management software application helps project managers determine the types of skills that they need to complete their projects?
- A. Inventory management
 - B. Resource allocation
 - C. Scanning
 - D. Spreadsheet
30. An entrepreneur that acts ethically is less likely to
- A. make an impact in the community.
 - B. satisfy his/her customers.
 - C. attract quality employees.
 - D. harm the environment.
31. Jordan buys a sofa from a local furniture store that advertises "90 days same as cash." She's able to have the sofa delivered to her house immediately without paying anything. However, if she doesn't pay for the sofa within the 90-day period, she'll be subject to finance charges. Jordan bought the sofa using a _____ credit account.
- A. regular
 - B. revolving
 - C. budget
 - D. installment
32. Which of the following pieces of information appears on a check:
- A. The payee's name
 - B. The payer's credit account number
 - C. The name of the payee's bank
 - D. The payer's credit score
33. What is the first thing that you should do if you find a debit card transaction listed on your bank statement that you do not recognize?
- A. Wait to see if your bank corrects the error.
 - B. Record it in your check register.
 - C. Deactivate your debit card.
 - D. Report it to your bank.
34. Jeff is a college student who just obtained his first credit card. Which of the following should he not do:
- A. Track his spending habits
 - B. Pay his bill on time
 - C. Think of his card as a loan
 - D. Buy more with his card than he can afford
35. Balraj has insurance to protect himself if his house is damaged by a natural disaster or an accident. He's using insurance to protect himself against
- A. poverty.
 - B. opportunity.
 - C. risk.
 - D. deductibles.
36. Which of the following is a requirement for a good accounting system:
- A. It should be replaced every two or three years.
 - B. It should be updated annually.
 - C. It should eliminate the need for an accountant.
 - D. It should provide needed information quickly.

37. Which of the following is subtracted from operating cash flow to find free cash flow:
- A. Capital expenditures
 - B. Dividends
 - C. Acquisitions
 - D. Earnings
38. Which of the following activities typically occurs during new employee orientation:
- A. A review of the employee's résumé
 - B. Contact with the employee's references
 - C. A performance appraisal
 - D. A tour of the business
39. Valerie is thinking about people she admires and realizes that all of them are responsible and determined. Valerie is
- A. acting in accordance with her ethics.
 - B. figuring out what her values are.
 - C. taking responsibility for her actions.
 - D. stealing ideas from others.
40. The Maxwell Manufacturing Company regularly inspects its production equipment and conducts regular maintenance activities to ensure that the equipment works correctly. By conducting these activities, Maxwell is complying with laws that relate to
- A. technical security.
 - B. discrimination.
 - C. chemical emissions.
 - D. workplace safety.
41. Katrina is using a special software program to develop a business chart that shows the employees' expertise and skills and how they access different types of information throughout the organization. What type of software is Katrina using to document the information?
- A. Accounting
 - B. Intranet
 - C. Tactical production
 - D. Knowledge mapping
42. Which of the following is an action that threatens a company's ability to maintain its trade secrets:
- A. Copyright reform initiatives
 - B. Systematic neutralizing
 - C. Reverse engineering
 - D. Process fragmentation
43. Sophia gathered members of a department together to discuss the ways in which they perform their work and what they do to overcome pitfalls and challenges while performing their day-to-day tasks. While the members of the group shared their experiences and ideas, Sophia took notes and asked follow-up questions. What technique is Sophia using to capture tacit knowledge?
- A. Parliamentary procedure
 - B. Channeling discussion
 - C. Repetitious feedback
 - D. Critical interaction
44. Before knowledge can be reused or shared, it must be
- A. recognized.
 - B. embedded.
 - C. analyzed.
 - D. manipulated.
45. What must companies achieve in order to continue to exist?
- A. Short-term goals
 - B. Long-term goals
 - C. Quick sales
 - D. Immediate changes
46. One way that technological innovation has changed business is by decreasing the use of
- A. electronic mail.
 - B. skilled workers.
 - C. paper forms.
 - D. phone systems.
47. Which of the following is a basic computer operating system that a business might use:
- A. Excel
 - B. Windows
 - C. Oracle
 - D. Adobe
48. To write text on your web page, you need to use _____ software.
- A. web-editing
 - B. computer-aided design (CAD)
 - C. defragmentation
 - D. keylogger

49. Which of the following is a primary factor that should be considered when choosing project management software:
- A. Personal goals
 - B. Project complexity
 - C. Group consensus
 - D. Distribution intensity
50. Krista is conducting a statistical analysis of a large set of data to determine if any of the data are different from the standard or the "norm." This is an example of what method of data mining?
- A. Classification
 - B. Association learning
 - C. Cluster detection
 - D. Anomaly detection
51. Daniela is in charge of moving company data into a new software system. Which of the following is a step she should take:
- A. Avoid telling employees about the change until it is completed
 - B. Make sure all the data are saved in a backup location
 - C. Delete the old software system before installing the new one
 - D. Schedule the change to occur during a project deadline
52. To remain competitive and reduce the risk of failure, a business should
- A. expand internationally.
 - B. access competitors' records.
 - C. appeal to all markets.
 - D. monitor emerging trends.
53. How does trust affect knowledge management?
- A. Trust can decrease transparency.
 - B. Increased trust leads to increased risk.
 - C. Without trust, it is difficult to share knowledge.
 - D. Trust leads to data privacy violations.
54. What should all companies have on the premises in order to handle accidents?
- A. Trained technicians
 - B. Emergency personnel
 - C. Hospital equipment
 - D. First aid supplies
55. How can companies reduce the risk of security breaches caused by inattentive employees?
- A. Prohibit the use of mobile devices
 - B. Terminate accounts of employees who leave the company
 - C. Encourage employees to use strong passwords on all devices
 - D. Only work with third-party providers
56. Which of the following is a benefit of ethical project management:
- A. Motivating team members
 - B. Increasing the number of stakeholders
 - C. Shortening the timeline
 - D. Making the project more demanding
57. How can a manager encourage employees to be open and honest when reporting on the status of their work?
- A. Communicating informally with employees
 - B. Listening to employees' conversations
 - C. Being objective and supportive
 - D. Having employees report as often as possible
58. Projects are short-term undertakings that create
- A. boosts in revenue.
 - B. marketing campaigns.
 - C. unique goods or services.
 - D. new business opportunities.
59. A business with a cooperative orientation tends to view its relationships with vendors as
- A. long-term rivalries.
 - B. obligations.
 - C. partnerships.
 - D. short-term transactions.
60. The Colbert Company ships 19 cases of model number 328 bolts to SOA Manufacturing Company every other week. This is an example of a(n) _____ purchase order.
- A. standing
 - B. advance
 - C. seasonal
 - D. open

61. Why does a business keep stock on hand for resale?
- A. To use it in business operations
 - B. So it can produce manufactured goods
 - C. To sell it to end users
 - D. So it can buy raw materials
62. What is the key to effective use of concessions during a negotiation with a vendor?
- A. Allow minimal room for concessions before negotiations begin
 - B. Obtain leverage by refusing to give up anything
 - C. Concede on minor points before major points
 - D. Portray important concessions as more valuable than they really are
63. Variable expenses increase in direct proportion to the increased rate of
- A. automation.
 - B. competition.
 - C. production.
 - D. motivation.
64. The ultimate goal of supply chain management is to
- A. increase brand awareness among consumers.
 - B. deliver products to customers faster.
 - C. attract and maintain talented employees.
 - D. make connections within the business community.
65. SMART goals are a very effective method of motivating employees and increasing productivity. A SMART goal is specific, measurable, attainable, relevant, and
- A. tested.
 - B. trusted.
 - C. timely.
 - D. terrific.
66. When Mark starts a new project at work, he thinks through and plans the specific steps that he will need to take to achieve the outcomes that he desires. Mark is engaging in
- A. agile project management.
 - B. process thinking.
 - C. critical thinking.
 - D. goal setting.
67. In management, a primary organizing activity is
- A. hiring talented workers.
 - B. assigning responsibility.
 - C. controlling external conditions.
 - D. evaluating job performance.
68. Which of the following statements regarding supply chain and business performance is true:
- A. Efficient supply chains lead to decreased sustainability.
 - B. Inefficient supply chains result in customer satisfaction.
 - C. Efficient supply chains lead to greater sustainability.
 - D. Inefficient supply chains create more value for stakeholders.
69. Technology impacts just-in-time inventory management by
- A. allowing inventory to be monitored regularly.
 - B. eliminating the need for supplier relationships.
 - C. causing disruptions in the supply chain.
 - D. increasing warehouse storage costs.
70. Planning, organizing, leading, and controlling are the major functions of
- A. budgeting.
 - B. management.
 - C. marketing.
 - D. business.
71. Which of the following supply chain issues is primarily a result of globalization:
- A. Members in a supply chain need to have a clear understanding of how the larger network operates.
 - B. Companies need to personalize products and packaging to appeal to multiple customer segments.
 - C. Supply chain networks are much smaller and less complex than they were in previous eras.
 - D. It is easier than ever for companies to differentiate their products from the competition.

72. The first step of protecting a business's digital assets is taking an inventory. This includes what information is on what media, where the information is located, and
- A. costs associated with the information.
 - B. order of information importance.
 - C. how the information is accessed.
 - D. how the information will be used.
73. Tanner is sending out an online customer satisfaction survey. What technique can he use to ensure he is protecting customer data?
- A. Refrain from sharing the nature of the survey
 - B. Only ask for the information he needs the most
 - C. Store the data for any future use
 - D. House the data on portable drives
74. A company does not emphasize the importance of fairness and respect. Which of the following risks is most likely to occur:
- A. Important details might slip through the cracks.
 - B. Employees will be at risk of injury.
 - C. The company might go bankrupt.
 - D. Unhappy employees might leave the company.
75. When writing a research report on his employer's main competitor, Josh should avoid
- A. using visual representations.
 - B. including any positive information.
 - C. summarizing his findings.
 - D. interpreting the facts.
76. Margaret Holden is a wealthy woman who has financially supported other individuals' business ideas and ventures. Now, Margaret is very interested in providing Marcus Williams with the financial support that he needs to start his new business. Margaret is a(n) _____, and Marcus is a(n) _____.
- A. licensor, sponsor
 - B. franchisee, franchisor
 - C. manager, loan officer
 - D. angel investor, entrepreneur
77. Chief operations officer, process improvement specialist, and call center supervisor are _____ positions.
- A. operations management
 - B. business analytics
 - C. general management
 - D. human resources management
78. Which of the following is an example of a process in the executing process group of project management:
- A. Developing the project management plan
 - B. Controlling communications
 - C. Managing stakeholder expectations
 - D. Validating scope
79. 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.
80. Which characteristic of a SMART goal does the following statement exemplify: Phase one of the project will be completed on May 10, 2022?
- A. Time-bound
 - B. Realistic
 - C. Motivational
 - D. Structured
81. What is a primary advantage of developing a work breakdown structure (WBS) to manage large projects?
- A. Reduces the need to set project milestones
 - B. Eliminates unexpected circumstances
 - C. Prevents the duplication of work
 - D. Decreases the need to manage each task
82. Which of the following is the primary activity performed during the execution phase of a project:
- A. Arbitrating
 - B. Forecasting
 - C. Financing
 - D. Producing

83. Which of the following is a true statement about the responsibilities associated with managing a project team:
- A. Project managers are often responsible for coordinating the activities of team members from several departments.
 - B. The most important aspect of managing a project team is developing an overall operating budget for the organization.
 - C. Project managers usually require team members to work out any conflicts they have on their own.
 - D. It is more important for effective project managers to have financial-management expertise than effective communication skills.
84. 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. work breakdown structure.
 - B. network diagram.
 - C. scope management plan.
 - D. project charter.
85. Brianna only uses one type of coffee machine because she believes it does the best job of grinding coffee beans. This is an example of which type of quality?
- A. Conformance
 - B. Excellence
 - C. Value
 - D. Satisfaction
86. The overall purpose of the Six Sigma quality-management framework is to satisfy customers and
- A. simplify activities.
 - B. lower costs.
 - C. improve technology.
 - D. identify needs.
87. The Hastings Company implemented a series of gradual changes throughout the company over time that resulted in more durable products and greater employee efficiency. What type of continuous improvement does this situation exemplify?
- A. Recovery
 - B. Breakthrough
 - C. Incremental
 - D. Accelerated
88. Which of the following is an example of an unethical activity that relates to risk management:
- A. Issuing bonds to raise funds for a corporation
 - B. Requesting various documents to process a loan request
 - C. Withholding information from insurance underwriters
 - D. Using third-party debt collectors to obtain overdue payments
89. One of the goals of change management is
- A. to obtain buy-in from stakeholders.
 - B. to limit the effects of a change.
 - C. to keep the people involved to a minimum.
 - D. to reduce the time it takes to make a change.
90. Captive insurance companies differ from traditional insurance companies because they
- A. are owned by the company they protect.
 - B. only cover certain types of risk.
 - C. charge higher premiums.
 - D. do not risk the company's own capital.
91. Which of the following business activities would be most affected by weak economies, pricing pressures, regulatory changes, and global supply chain disruptions:
- A. Internal change management
 - B. Domestic shipping processes
 - C. International risk management
 - D. Cultural literacy initiatives
92. Before a bar of soap is bought by a customer, it goes through a long production process. First, the raw materials are shipped to a manufacturer that blends the soap and molds it into bars. Then, the bars are sent to a packaging plant to be put into boxes and printed with labels. Finally, the bars are shipped to distributors throughout the country where they are sold to customers. The relationship among the raw materials distributor, the soap manufacturer, the packaging plant, and the stores where the soap is sold can be described as a
- A. supply chain network.
 - B. route of production.
 - C. manufacturing route.
 - D. distribution network.

93. Ryan is a manager at a software development company. At the end of each month, he reflects on his team's progress to ensure that it was in line with the company's overall goals. He then decides what work needs to be done the following month. This is an example of which of the following business practices:
- A. Supply chain management
 - B. Operations management
 - C. Human resource planning
 - D. Managerial planning
94. 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.
95. The key to recruiting is
- A. negotiating job offers.
 - B. placing ads in local newspapers.
 - C. selecting which applicants to interview.
 - D. finding the right number of applicants.
96. What is an important aspect of managerial directing?
- A. Creating systematic approaches for activities
 - B. Interviewing job applicants
 - C. Developing long-term business objectives
 - D. Providing employees with instructions
97. Which of the following presents serious security risks that managers must monitor and control:
- A. Technology
 - B. Production of goods
 - C. Marketing
 - D. Employees
98. When employees are exposed to a variety of different ideas and perspectives, they are more likely to come up with their own new ideas and strategies. In other words, knowledge and learning lead to
- A. leadership.
 - B. complacency.
 - C. curiosity.
 - D. innovation.
99. Which of the following is a technological tool that a financial institution might use to quantify potential losses related to investment portfolios:
- A. Risk modeling
 - B. Fraud detection
 - C. Risk assumption
 - D. Intrusion detection
100. What occurs during the first stage of the change management life cycle?
- A. Organizations carry out a strategic plan for implementing desired change.
 - B. Organizations engage in dialogue to determine how to best implement change.
 - C. Organizations agree on a strategic plan for implementing the desired change.
 - D. Organizations identify and communicate the need for change to employees.



KEY

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1. D

Agent; principal. An agent is a person or business that is authorized to conduct certain activities with third parties on the behalf of another person or business, which is the principal (Logan). Because Serena is acting in and advocating for Logan's best interests, Serena is an agent. Employees, attorneys, and accountants are examples of people who enter into relationships as agents for others. Depending on Serena's responsibilities, she may be an executor of Logan's estate, but there is not enough information provided to determine if this is the case. In legal terms, Logan is not an agent, advocate, or executor.

SOURCE: BL:072 Explain the nature of agency relationships

SOURCE: LawShelf. (2020). *Business law: The principal-agent relationship*. Retrieved September 30, 2020, from <https://lawshelf.com/shortvideoscontentview/business-law-the-principal-agent-relationship/>

2. D

Corporation. One of the advantages of a corporation is that the owners' losses and risks are limited to their investment in the corporation. In a general partnership, the losses and risks are shared equally by both parties. A sole proprietor bears all the business's losses or risks. Consignment is a purchase arrangement whereby products are sent to a retailer who pays for the products only upon their sale.

SOURCE: BL:003 Explain types of business ownership

SOURCE: LAP-BL-001—Own It Your Way (Types of Business Ownership)

3. D

To avoid a costly trial. Many parties opt for settlements because they wish to avoid costly, lengthy trials. Trials can often damage a company's or person's reputation. Some parties settle because they wish to minimize damage to their reputations. A judge still must approve settlements.

SOURCE: BL:159 Describe factors affecting the settlement of legal matters

SOURCE: Christensen, T. (2020, September 7). *What is a legal settlement?* Retrieved September 30, 2020, from <http://www.wisegeek.com/what-is-a-legal-settlement.htm>

4. A

The plaintiff files a complaint with the court. The litigation process begins when the plaintiff files a complaint with the court. The defendant cannot file an answer until the plaintiff files a complaint. Settlements and appeals occur later in the process.

SOURCE: BL:160 Describe the litigation process

SOURCE: Cornell University Law School Legal Information Institute. (n.d.). *Litigation*. Retrieved September 30, 2020, from <https://www.law.cornell.edu/wex/litigation>

5. B

Cost-effectiveness and efficiency. Mediation is an informal process during which two parties meet with an impartial third party to find a mutually satisfactory solution to a problem. A benefit of mediation is that it is cost-effective and efficient, especially compared to going to trial. Mediation does not lead to higher payouts for the defendant. Mediation cannot impose a legally binding decision, so it does not carry more weight. Finally, while there is a third-party mediator, that person does not make decisions. Instead, s/he helps guide the negotiation process while the two parties come to a decision on their own.

SOURCE: BL:161 Discuss the arbitration/mediation process

SOURCE: Soskin, L. (2017, December 6). *Wondering what the difference is between mediation and arbitration?* Retrieved September 30, 2020, from https://www.huffingtonpost.com/lance-soskin/wondering-what-the-differ_b_5291286.html

6. C

To clarify meanings. Relevant questions are those questions that pertain to the issue at hand. They are asked to obtain information. Employees should ask relevant questions in order to clarify the meaning of statements or instructions. By asking relevant questions, employees can obtain additional explanations to help them understand what they are expected to do. Employees do not ask questions to send messages, offer suggestions, or make statements.

SOURCE: CO:058 Ask relevant questions

SOURCE: Mind Tools. (2020). *Questioning techniques*. Retrieved September 30, 2020, from https://www.mindtools.com/pages/article/newTMC_88.htm

7. A

Driving a car. Tacit knowledge is knowledge that is difficult to transfer to another person verbally or in writing. Instead, it is obtained through experience. Driving a car is an example of this—you cannot truly learn how to drive a car by reading about it or hearing about it. Customer information, putting together furniture, and historical data are not examples of tacit knowledge, because they can be communicated through writing or verbally.

SOURCE: KM:002 Discuss the role of ethics in knowledge management

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

8. D

Inevitable disclosure. Inevitable disclosure is a legal doctrine that allows companies to prevent former employees from working for competitors because the employees would likely give away trade secrets. Coca-Cola can seek legal action to prevent Greta from sharing trade secrets with Pepsi. A copyright violation occurs when someone violates the rights of someone who has a legally protected artistic work. Noncompete agreements are clauses in contracts that require employees to agree not to work for a competitor. There is no indication that Coca-Cola asked Greta to sign a noncompete agreement. Antitrust policy includes laws that prevent a person or company from restricting free trade and competition in the marketplace.

SOURCE: KM:004 Explain legal considerations for knowledge management

SOURCE: Fair Competition Law. (2019, June 5). *Inevitable disclosure doctrine: A brief history and summary*. Retrieved October 29, 2020, from

<https://www.faircompetitionlaw.com/2019/06/05/inevitable-disclosure-doctrine-a-brief-history-and-summary/>

9. B

Troubleshooting. Analytical reports are documents that evaluate issues, opportunities, or problems.

Troubleshooting reports address specific problems and provide recommendations for resolving them.

Because Thomas's report addresses financial problems and provides suggestions for overcoming these problems, he is preparing a troubleshooting report. A market analysis is a systematic study of the market.

A justification report is a type of analytical report that evaluates the success or failure of a previous decision or course of action. A feasibility report summarizes the positive and negative consequences of taking a certain course of action.

SOURCE: CO:185 Write analytical reports (i.e., reports that examine a problem/issue and recommend an action)

SOURCE: GlobalSpec. (2020). *Analytical reports information*. Retrieved September 30, 2020, from https://www.globalspec.com/learnmore/specialized_industrial_services/analytical_reports

10. C

Redesign the business processes. When bottlenecks in business processes develop, an effective manager would most likely redesign the business processes to eliminate the bottlenecks. Investing in quality control, implementing an employee incentive program, and/or speeding up production would not eliminate the bottlenecks.

SOURCE: OP:475 Describe the factors that influence business process design

SOURCE: Mind Tools. (2020). *Improving business processes*. Retrieved October 29, 2020, from <https://www.mindtools.com/pages/article/improving-business-processes.htm>

11. A

Adapt the letter to the person and company you are writing to. When creating any sort of written correspondence, it is extremely important to adapt your writing to the audience you are targeting. For example, if you are composing a cover letter for a job, you should mention how your work experience and skills would make you a good fit for the position at the company. It is important to be honest and transparent when applying to jobs; therefore, it would be unethical to purposely leave out unflattering events or details about your work history that may prevent the company from hiring you. It would be unnecessary and inappropriate to include your marital status or medical history and health record in a cover letter.

SOURCE: CO:203 Adapt written correspondence to targeted audiences

SOURCE: Boundless Communications. (n.d.). *The importance of audience analysis*. Retrieved September 30, 2020, from <https://courses.lumenlearning.com/boundless-communications/chapter/the-importance-of-audience-analysis/>

12. A

Two coworkers share their opinions about a new work project during a coffee break. Informal communication involves a casual exchange of information. This information may or may not include work-related issues. Coworkers who talk about work-related topics while on a coffee break are engaging in informal communication. Informal communication can be positive for businesses because employees often share new ideas that may benefit the business. Formal communication involves following a specific protocol or systematic process to transmit messages. A press release and the distribution of a production schedule are methods of formal communication, as is conducting a training session for new employees.

SOURCE: CO:092 Choose and use appropriate channel for workplace communication

SOURCE: Business Jargons. (n.d.). *Informal communication*. Retrieved September 30, 2020, from <https://businessjargons.com/informal-communication.html#:~:text=Definition%3A%20The%20Informal%20Communication%20is,formalities%20and%20chain%20of%20command>

13. C

Promoting good customer relations. Customer relations guidelines provide strategies for employees to use in their dealings with customers. An example would be a guideline that the customer is always right. An effective customer relations program aids in building repeat business. It may also attract new credit customers, but that is not its purpose. Bonuses, quotas, and commissions are used to motivate the sales force. Whether these techniques help increase the level of gross margin would depend upon a number of other factors.

SOURCE: CR:003 Explain the nature of positive customer relations

SOURCE: LAP-CR-003—Accentuate the Positive (Nature of Customer Relations)

14. A

Reputation. Negative word-of-mouth advertising due to unresolved customer complaints can cost a business its reputation. Once a reputation has been damaged, it is very difficult to rebuild. Customer complaints should not necessarily cost a business its employees, its facilities, or its licenses.

SOURCE: CR:010 Handle customer/client complaints

SOURCE: LAP-CR-010—Righting Wrongs (Handling Customer Complaints)

15. D

Industrial. Marketers classify industrial goods according to their uses. Industrial goods are products purchased by producers for resale, to make other goods, or to use in business operations. The five classifications of industrial goods are materials, parts, installations, equipment, and supplies.

Convenience, shopping, and specialty are classifications of consumer goods.

SOURCE: EC:002 Distinguish between economic goods and services

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

16. C

Searching for oil on the ocean floor. The ocean is another place we can look for oil besides land. Natural gas is an alternative resource. Conserving oil to prevent waste and paying a higher price for it are not ways of finding more oil.

SOURCE: EC:003 Explain the concept of economic resources

SOURCE: LAP-EC-014—Be Resourceful (Economic Resources)

17. D

Political. Many factors affect the ways in which businesses operate. Political factors include the regulatory and trade issues that affect businesses. When a country lifts a trade embargo, the ability to trade with another country provides an opportunity for businesses to expand their markets and increase their sales and profits. Demographics (e.g., age and gender), attitudes, values, and trends are social factors that affect a society. An embargo is not a technological factor that affects the business environment.

SOURCE: EC:105 Describe factors that affect the business environment

SOURCE: LAP-EC-105—What's Shakin'? (Factors Affecting the Business Environment)

18. A

Natural. Natural risks result from such natural causes as floods, tornadoes, fires, lightning, blizzards, and earthquakes. Wildfires would be a natural risk. Economic risks are changes in the market that force prices to be lowered, products to change, or even businesses to fail. Human risks are caused by human weakness and the unpredictability of employees and customers. Incompetence is a form of human risk whereby an employee does not have the skills, knowledge, or attitudes needed to succeed in the position.

SOURCE: EC:011 Determine factors affecting business risk

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

19. D

\$2.50. Marginal cost is the change in cost involved in increasing or decreasing production. It is often used to calculate the extra cost of producing one more item. In this situation, total cost of operating the business is \$25,000 before any widgets are produced. To determine the marginal cost of producing each additional widget, first calculate the change in total cost by subtracting the total cost before production from the total cost once production begins ($\$27,500 - \$25,000 = \$2,500$). The change in total cost is \$2,500 from zero production to producing 1,000 widgets. To calculate marginal cost, divide the change in total cost by the number of widgets products ($\$2,500 \div 1,000 = \2.50).

SOURCE: EC:023 Explain the impact of the law of diminishing returns

SOURCE: Corporate Finance Institute. (2020). *Marginal cost formula*. Retrieved September 30, 2020, from <https://corporatefinanceinstitute.com/resources/knowledge/accounting/marginal-cost-formula/>

20. C

The positive impact of entrepreneurship on local economies. Small businesses often have a positive impact on the communities they operate in by ushering in growth and innovation. Small businesses also help local economies by providing employment to people who may have otherwise been jobless. This example does not demonstrate how corporations harm the growth of small businesses, the disadvantage for companies that move into struggling towns, or how small businesses drive out a town's larger corporations.

SOURCE: EC:065 Identify the impact of small business/entrepreneurship on market economies

SOURCE: Brown, J.M. (2018, October 15). *How important are small businesses to local economies?* Retrieved September 30, 2020, from <http://smallbusiness.chron.com/important-small-businesses-local-economies-5251.html>

21. D

Systematic process. Quality assurance is a process that businesses use to prevent defective products from being created, not just to eliminate or correct them after they have already been produced. Quality assurance involves developing and executing processes in a methodical (systematic) way to ensure that the business creates products that meet its product standards. Product innovation is a part of the product-development process. Classifying information is an information-management activity. The need for supplier input depends on the type of product and the nature of the business's relationship with the supplier.

SOURCE: QM:001 Explain the nature of quality management

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

22. A

Organizing. Organizing is the management function of setting up the way the business's work will be done. A primary organizing activity is establishing levels of authority. Staffing is the management function of finding workers for the company. Controlling is the management function that monitors the work effort. Evaluating is a controlling activity.

SOURCE: SM:064 Explain managerial considerations in organizing

SOURCE: Management Study Guide. (2020). *Importance of organizing function*. Retrieved October 29, 2020, from http://www.managementstudyguide.com/organizing_importance.htm

23. A

Knowledge leader. The person in charge of an organization's knowledge management efforts is known as the knowledge leader. S/He could be anyone in the organization, not necessarily the chairperson of the board, the manager of the IT department, or the chief executive officer.

SOURCE: KM:001 Explain the nature of knowledge management

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

24. D

Extensive. An extensive decision is a big decision that affects many areas of your life and can have a long-term impact. Limited, routine, and simple decisions are not as likely to have long-term impacts.

SOURCE: EI:091 Assess risks of personal decisions

SOURCE: LAP-EI-091—Worth the Risk (Assessing Risks of Personal Decisions)

25. D

Communicating often and openly. Communication is one of the keys of trust building. To communicate well, truly pay attention to the people you talk to instead of thinking about what you'll say next or checking something out on your phone. Answer questions as honestly and openly as you can (without giving away confidential information). People are more likely to trust you if they know you give them honest answers. Taking responsibility for your mistakes, not sharing confidential information, and keeping your promises are important techniques, but they are not illustrated by this example.

SOURCE: EI:128 Build trust in relationships

SOURCE: LAP-EI-128—Trust in Me (Building Trust in Relationships)

26. B

Feel customers' frustration with the products. Customers who must return unsatisfactory products are often unhappy with the products and the business. Some take out their frustration on the employees who handle the returns. Empathy will help employees to understand why the customers are upset, and they will be able to handle the returns effectively. Identifying fraudulent reasons for returns is a part of preventing losses for the business and is unrelated to empathy. Employees should not try to persuade customers to keep their original purchases when those items are not satisfactory.

SOURCE: EI:030 Show empathy for others

SOURCE: LAP-EI-030—Have a Heart (Showing Empathy for Others)

27. B

Persuade consumers to buy. Marketers use communication to inform consumers about their goods and services. The ultimate goal is to persuade consumers to purchase those goods and services. In order to do that, communication must be encoded, or presented, in a way that will be understood by the target audience. The form of communication most frequently used by marketers is promotion. Communication is used to reach a specific market but is not a method of identifying the market.

SOURCE: EI:007 Explain the nature of effective communications

SOURCE: Ahmed, A. (2019, November 15). *The role of business communication in marketing.*

Retrieved September 30, 2020, from [https://smallbusiness.chron.com/role-business-communication-marketing-](https://smallbusiness.chron.com/role-business-communication-marketing-1013.html#:~:text=Effective%20business%20communication%20enables%20marketers,they%20put%20out%20as%20intended)

[1013.html#:~:text=Effective%20business%20communication%20enables%20marketers,they%20put%20out%20as%20intended](https://smallbusiness.chron.com/role-business-communication-marketing-1013.html#:~:text=Effective%20business%20communication%20enables%20marketers,they%20put%20out%20as%20intended)

[1013.html#:~:text=Effective%20business%20communication%20enables%20marketers,they%20put%20out%20as%20intended](https://smallbusiness.chron.com/role-business-communication-marketing-1013.html#:~:text=Effective%20business%20communication%20enables%20marketers,they%20put%20out%20as%20intended)

28. B

Analytical. An analytical report is one that examines a problem and recommends an action. An analytical report would help Claire figure out why her company's sales have been declining and what the company can do to correct it. An informational report would not include the analysis or recommendations necessary to explain why her company's sales were declining. A proposal is a formal, structured report that attempts to persuade an audience to take a certain action, which is not Claire's goal. A persuasive message or report attempts to change the reader's mind or to convince the reader to take action.

SOURCE: CO:185 Write analytical reports (i.e., reports that examine a problem/issue and recommend an action)

SOURCE: KU Writing Center. (n.d.). *Writing informational and analytical reports.* Retrieved October 29, 2020, from

http://writing.ku.edu/sites/writing.drupal.ku.edu/files/docs/Writing_Informational_Analytical_Reports.pdf

29. B

Resource allocation. Resource allocation applications help project managers allocate all the needed resources—human, financial, equipment, supplies—in the most efficient ways. For example, a resource allocation application can determine the skills that are needed to perform certain tasks. This, in turn, helps the project manager identify appropriate team members to perform the work. Inventory management software is used to monitor a business's merchandise and supplies. Scanning software digitally captures documents and graphics to store on computers. Project managers use spreadsheet software applications to organize, calculate, and analyze numerical data.

SOURCE: NF:130 Utilize project-management software

SOURCE: Halabuda, P. (n.d.). *Resource allocation: A complete guide for project managers*. Retrieved October 29, 2020, from <https://teamdeck.io/project-management/resource-allocation-for-project-managers/>

30. D

Harm the environment. An entrepreneur that acts ethically is less likely to harm the environment or his/her customers through negligence or oversight. By thoroughly researching all potential ingredients and processes before beginning production, entrepreneurs can reduce the negative impact their companies have on the environment and on the health of their customers. Ethical entrepreneurs are more likely to attract quality employees, make a positive impact in the community, and satisfy customers—not less likely.

SOURCE: EN:044 Describe the use of business ethics in entrepreneurship

SOURCE: LAP-EN-044—Ethical Excellence (Ethics in Entrepreneurship)

31. C

Budget. Budget accounts are often used by furniture or appliance retailers as a form of short-term credit—for example, "90 days same as cash" means that customers can purchase goods on credit with the same advantages they would have with cash purchases. Budget accounts do not charge interest if the user makes payments on time. However, if a customer doesn't pay the amount in full by the end of the payment period, s/he is subject to finance charges applying to the full time period. In revolving credit accounts, the maximum amount of money that the credit user can owe (also known as the credit limit) is set at the time the credit account is opened. Regular credit accounts are also known as open credit accounts because they allow credit users to buy at any time during a set period. At the end of that time, the credit user is expected to pay the entire amount that is due for the purchases made during that period. An installment credit account is designed to handle one credit transaction, which is paid in installments within a certain time period. The credit user makes a down payment and signs an agreement to pay monthly installments until the total is paid.

SOURCE: FI:002 Explain the purposes and importance of credit

SOURCE: LAP-FI-002—Give Credit Where Credit Is Due (Credit and Its Importance)

32. A

The payee's name. The payee is the party to whom the check is made payable. That piece of information, along with the date, check amount, and payer's signature, has to be filled out on checks. The payer can choose to record the purpose for which the check is being written. The check itself is imprinted with the name of the payer's bank, the payer's bank account number, the check number, and the bank's routing number. The payer's credit account number would only be needed if the payer wrote a check to his/her credit card company. The payee's bank name does not appear on a payer's check. The payer's credit score is irrelevant to check writing.

SOURCE: FI:560 Prepare bank account documents (e.g., checks, deposit/withdrawal slips, endorsements, etc.)

SOURCE: Huntington Bank. (2020). *How to write a check*. Retrieved September 30, 2020, from <https://www.huntington.com/Personal/checking/checks/how-to-write-a-check>

33. D

Report it to your bank. It's important to quickly report and investigate unfamiliar debit card transactions so the bank can resolve a potential error or determine if you are a victim of fraud. You should only record debit card transactions that you recognize in your check register. You should only deactivate your debit card when it is lost, stolen, or used fraudulently. You should not depend on your bank to identify debit card transactions that don't belong to you.

SOURCE: FI:070 Read and reconcile bank statements

SOURCE: Caldwell, M. (2019, May 14). *Learn how to balance your checkbook*. Retrieved September 30, 2020, from <https://www.thebalance.com/how-to-balance-your-checkbook-2385975>

34. D

Buy more with his card than he can afford. If Jeff does this, he will be headed toward mounting credit card debt. He should pay his bill on time to build good credit. Thinking of his card as a loan and tracking his spending habits will keep him from overspending.

SOURCE: FI:071 Demonstrate the wise use of credit

SOURCE: College Board. (2020). *How to use credit cards wisely*. Retrieved September 30, 2020, from <https://bigfuture.collegeboard.org/pay-for-college/paying-your-share/how-to-use-credit-cards-wisely>

35. C

Risk. Insurance is meant to protect against risk. In Balraj's case, he purchases insurance to protect himself against a loss caused by damage from an accident or a natural disaster. Although insurance can help people minimize financial loss, it cannot prevent poverty. A deductible is the amount that Balraj would pay before his insurance company begins to pay.

SOURCE: FI:081 Describe the concept of insurance

SOURCE: Money Instructor. (2020). *Insurance basics: What can be covered?* Retrieved September 30, 2020, from <http://www.moneyinstructor.com/doc/insurancecoverage.asp>

36. D

It should provide needed information quickly. An accounting system should provide needed information quickly. For example, a business that suddenly needs a short-term loan must be able to produce a financial statement immediately for its creditor. An accounting system needs to be updated frequently. An accountant is an individual who has specialized training in accounting work and usually sets up the system. If a business does not have accountants on staff, it can hire one as a consultant to monitor the system and make sure that all procedures are followed. The system should be expandable to accommodate the future needs of the business.

SOURCE: FI:085 Explain the concept of accounting

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

37. A

Capital expenditures. Free cash flow is a measure of a company's performance. It is calculated by subtracting capital expenditures from operating cash flow. Capital expenditures include equipment, buildings, and other property. You do not need to subtract dividends, acquisitions, or earnings to find free cash flow.

SOURCE: FI:541 Interpret cash-flow statements

SOURCE: Girsch-Bock, M. (2020, September 29). *How to calculate free cash flow*. Retrieved September 30, 2020, from <https://www.fool.com/the-blueprint/free-cash-flow/>

38. D

A tour of the business. New employee orientation usually includes activities that will provide new employees with information about the business. Orientation also helps put new employees at ease and helps eliminate many of their anxieties about their new surroundings. Reviewing the employee's résumé and contacting the employee's references are usually done before the business hires the employee. A performance appraisal is a tool that evaluates how well the employee performs his/her job duties. Employees receive performance appraisals after they have worked for a certain amount of time.

SOURCE: HR:360 Orient new employees

SOURCE: Heathfield, S.M. (2019, October 31). *New employee orientation: Employee onboarding*.

Retrieved September 30, 2020, from <https://www.thebalancecareers.com/new-employee-orientation-employee-onboarding-1918195#:~:text=New%20employee%20orientation%20is%20the,successfully%20as%20quickly%20as%20possible.&text=The%20employee's%20new%20manager%20and%20coworkers>

Retrieved September 30, 2020, from <https://www.thebalancecareers.com/new-employee-orientation-employee-onboarding-1918195#:~:text=New%20employee%20orientation%20is%20the,successfully%20as%20quickly%20as%20possible.&text=The%20employee's%20new%20manager%20and%20coworkers>

39. B

Figuring out what her values are. Before you can act with integrity, you must figure out what you value and what ethical principles will guide your decisions. One way to figure out what your values are is to examine the traits of people you admire and determine why you admire them. Valerie is not taking responsibility for her actions, acting in accordance with her ethics, or stealing ideas from others in this example.

SOURCE: EI:022 Demonstrate honesty and integrity

SOURCE: LAP-EI-138—Sincerely Yours (Demonstrating Honesty and Integrity)

40. D

Workplace safety. Governments develop regulations to ensure the safety of workers. Workers often operate dangerous equipment, so businesses must ensure that the equipment is maintained and safe to use to reduce the risk of injury. Some government regulations require that businesses have equipment inspected on a regular basis by a government agent or independent entity to ensure that the business is complying with safety regulations. Environmental laws regulate chemical emissions. Employment laws regulate discrimination in the workplace. Computer and cyberspace laws regulate technical security.

SOURCE: OP:339 Discuss legal considerations in operations

SOURCE: OSHA. (n.d.). *Employer responsibilities*. Retrieved September 30, 2020, from

<https://www.osha.gov/workers/employer-responsibilities>

41. D

Knowledge mapping. Knowledge mapping software provides the ability to capture a business's information sources and information flow in a graphic format. Knowledge maps help businesses determine if there are underused sources of knowledge, as well as areas in which there is a breakdown or gap in knowledge sharing. An intranet is a business's internal computer network. Knowledge management software can capture information stored on a company's intranet, which is one of many sources of a company's knowledge. Production and accounting software are different types of software used in specific functions of business. Businesses do not use these software programs to capture and track an entire organization's tacit and explicit knowledge.

SOURCE: KM:003 Explain the use of technology in knowledge management

SOURCE: MindManager. (2020). *What is a knowledge map?* Retrieved September 30, 2020, from

<https://www.mindmanager.com/en/features/knowledge-map/>

42. C

Reverse engineering. Reverse engineering is the process of examining the makeup of an existing product on the market. By reviewing the components of the product through independent discovery, a competitor can apply the findings to recreate the product. Although this is a legal practice under trade secret laws in Canada and the U.S., it does hinder the ability to maintain trade secrets for certain types of processes, ingredients, etc. Process fragmentation involves limiting the amount of information employees have about an entire process, which lessens the risk that the company's trade secret will be revealed. Copyrights legally protect written and artistic works rather than trade secrets. Therefore, any reforms to copyright laws would not affect trade secrets. Systematic neutralizing is a fictitious term.

SOURCE: KM:004 Explain legal considerations for knowledge management

SOURCE: Business Dictionary. (2020). *Reverse engineering*. Retrieved September 30, 2020, from <http://www.businessdictionary.com/definition/reverse-engineering.html>

43. B

Channeling discussion. Tacit knowledge is knowledge consisting of personal opinions, experiences, expertise, or understanding that is not easily articulated, stored, or quantified. Employees' tacit knowledge is important to a business because this type of knowledge is often instrumental in helping the business succeed and achieve its organizational goals. Businesses use different techniques to capture their employees' tacit knowledge. A channel discussion involves gathering a group of people together to talk about the ways in which they perform their work, the challenges that they encounter, and the actions they take to overcome their challenges. By sharing this type of information, other group members may learn new techniques to use to perform their jobs. When an individual (Sophia) takes notes, the information can be synthesized, evaluated, and used to implement positive changes throughout the entire organization. Parliamentary procedure is the standard set of rules used to officiate and document a formal meeting. Repetitious feedback and critical interaction are not techniques used to capture tacit knowledge.

SOURCE: KM:005 Identify techniques that can be used to capture and transfer knowledge in an organization

SOURCE: Nosrati, S. (2014, May 21). *Capture tacit knowledge*. Retrieved September 30, 2020, from <http://www.slideshare.net/sajadnosrati52/capture-tacit-knowledge>

44. A

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 Apply knowledge management processes

SOURCE: Knowledge Management Tools. (2018, July 23). *Knowledge discovery and detection*. Retrieved September 30, 2020, from <http://www.knowledge-management-tools.net/knowledge-discovery-and-detection.php>

45. B

Long-term goals. Long-term goals are objectives that take a year or more to reach. Companies continue to exist by achieving their long-term goals—not by making quick sales or initiating changes that may not satisfy customer needs and wants. Short-term goals are objectives that take less than a year to achieve and are useful in helping a business achieve its long-term goals.

SOURCE: MK:001 Explain marketing and its importance in a global economy

SOURCE: LAP-MK-004—Have It Your Way! (Nature of Marketing)

46. C

Paper forms. Technological innovation is greatly reducing the need for paper forms because much of the information that previously was stored and transmitted on paper is now being sent by computer. Businesses often send emails rather than letters or printed documents. Various types of databases store vast amounts of data that once were housed in file cabinets. Computerized invoices enable businesses to send bills and receive payment without the need for printed forms. As technology continues to advance, the need for paper forms will continue to decrease. Technological innovation has increased the use of skilled workers. Technological innovation has not decreased the use of phone systems for all businesses and has increased the use of electronic mail (email) for most businesses.

SOURCE: NF:003 Identify ways that technology impacts business

SOURCE: LAP-NF-004—TECH-tastic (Technology's Impact on Business)

47. B

Windows. Microsoft Windows is one of the most popular operating systems. The operating system manages hardware and software and makes the computer work. The system connects the software to the hardware and controls the overall operation of the computer. Excel, Oracle, and Adobe are software programs rather than operating systems.

SOURCE: NF:085 Use basic operating systems

SOURCE: Goodwill Community Foundation. (2020). *What is an operating system?* Retrieved September 30, 2020, from <https://edu.gcfglobal.org/en/computerbasics/understanding-operating-systems/1/>

48. A

Web-editing. Businesses use web-editing software to develop and edit text and graphics for the web pages that are posted to websites. Computer-aided design (CAD) software is used to develop three-dimensional images. Defragmentation applications rearrange files on a computer hard drive to facilitate faster data access. Keylogger software is a computer program that tracks all of the computer user's keystrokes and clicks.

SOURCE: NF:042 Create and post basic web page

SOURCE: Kyrnin, J. (2020, January 30). *How to build your first web page.* Retrieved September 30, 2020, from <https://www.lifewire.com/how-to-build-a-web-page-3466384>

49. B

Project complexity. There are many programs available to track and manage projects. The complexity of the project is a primary factor to consider when choosing project management software. Businesses that take on occasional, simple projects might consider using a program with basic applications (e.g., spreadsheets). Businesses that have several projects occurring at one time or that have a long-term, complex project with thousands of tasks to track may consider using software with advanced applications (e.g., scheduling, resource allocation, and report generators). Personal goals, group consensus, and distribution intensity are not primary factors to consider when choosing project management software.

SOURCE: NF:130 Utilize project-management software

SOURCE: Uzialko, A.C. (2018, January 2). *Choosing project management software.* Retrieved September 30, 2020, from <https://www.businessnewsdaily.com/9976-project-management-software-buyers-guide.html>

50. D

Anomaly detection. When looking at a large set of data, it is possible to determine what the data usually look like in a "standard" case. Then, statistics can be used to determine if anything is noticeably different from this standard. This type of data mining is called anomaly detection—not association learning, cluster detection, or classification. Association learning is a type of data mining that reveals certain relationships among data sets. Cluster detection is a type of pattern recognition that identifies distinct subcategories within a data set. Classification is a practice that classifies new data into predetermined categories.

SOURCE: NF:149 Describe data mining tools and techniques

SOURCE: Cohen, I. (2020). *Anomaly detection.* Retrieved September 30, 2020, from <https://www.anodot.com/blog/what-is-anomaly-detection/>

51. B

Make sure all the data are saved in a backup location. It's important for Daniela to make sure all the company's data are saved in a backup location. If something goes wrong while she's moving the data into the new system, this will help her avoid losing all that information. She should tell employees about the change before it occurs. She should wait to delete the old system until after she installs the new one. This way, she'll be less likely to lose information if something goes wrong. The change should be scheduled to occur at a convenient time, not during a project deadline, so that it will not disrupt the office's work.

SOURCE: NF:264 Adhere to data change best practices

SOURCE: Acronis. (2020). *Why data backup is important for your business.* Retrieved September 30, 2020, from <https://www.acronis.com/en-us/articles/data-backup-for-business/>

52. D

Monitor emerging trends. Because the world is constantly changing, businesses need to continuously pay attention to trends and adjust their activities accordingly to remain competitive in the marketplace. If a business fails to act in response to the various types of changes—technological, market, industry—it is likely to lose business to competitors, which may result in business failure or closure. A business is not likely to obtain a competitor's business records, many of which are confidential. Successful businesses select their target markets carefully because they understand that it is not possible to appeal to all markets. The decision whether to expand internationally depends on the type of business and its organizational goals.

SOURCE: NF:013 Describe current business trends

SOURCE: Vertical Response. (2014, July 30). *10 winning ways to keep up with industry trends*.

Retrieved September 30, 2020, from <http://www.verticalresponse.com/blog/10-winning-ways-to-keep-up-with-industry-trends/>

53. C

Without trust, it is difficult to share knowledge. People might struggle to share knowledge with those whom they do not trust. If people are competitive and adversarial rather than collaborative and team-oriented, they are much less likely to share knowledge. Increased trust does not necessarily lead to increased risk. Trust also does not decrease transparency; in fact, trust is likely to increase transparency because people who trust each other will be open and honest with one another. Finally, trust does not necessarily lead to data privacy violations.

SOURCE: KM:002 Discuss the role of ethics in knowledge management

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

54. D

First aid supplies. Companies of all sizes should have adequate first aid supplies available for use in the event that an accident occurs. Basic first aid supplies enable employees to provide immediate treatment to an injured or ill person until medical help is available. Employees should know where the supplies are located in order to administer basic first aid as quickly as possible. Most businesses do not have emergency personnel, hospital equipment, or trained technicians on the premises, although some large corporations maintain an in-house medical facility.

SOURCE: OP:009 Explain procedures for handling accidents

SOURCE: Protect Life. (2019, July 3). *The importance of maintaining your first aid kit*. Retrieved September 30, 2020, from <https://firstaidkitsurvival.com/blogs/news/the-importance-of-maintaining-your-first-aid-kit>

55. C

Encourage employees to use strong passwords on all devices. Employees who are uninformed about or inattentive to security procedures present a risk. Therefore, employees should be encouraged to use strong passwords on their devices to reduce the risk of a breach. Strong passwords are the first defense against technological security breaches. Terminating the accounts of former employees is a defense against disgruntled employees rather than inattentive employees. While prohibiting the use of mobile devices would reduce risk, it is nearly impossible to avoid using them in today's business world. Finally, third-party providers, while helpful and necessary to business operations, sometimes do not follow established security procedures and increase risk rather than reduce it.

SOURCE: OP:152 Follow established security procedures/policies

SOURCE: Schiff, J.L. (2015, January 20). *6 biggest security risks and how you can fight back*.

Retrieved September 30, 2020, from <http://www.cio.com/article/2872517/data-breach/6-biggest-business-security-risks-and-how-you-can-fight-back.html>

56. A

Motivating team members. Ethical project management can benefit a project in several ways, including motivating team members to work hard to make the project successful. They will feel that their work has meaning and is worth the time and effort. Ethical project management does not increase the number of stakeholders, shorten the timeline, or make the project more demanding.

SOURCE: OP:675 Describe the role of ethics in project management

SOURCE: LAP-OP-675—Projects With Principles (Ethics in Project Management)

57. C

Being objective and supportive. When a manager delegates tasks to employees, s/he must monitor their work and ensure that tasks are being completed. When monitoring employees' work, it's important to encourage employees to be honest and open about the status of their work. One way to do so is to be objective and supportive so employees feel they are being treated fairly and that their honesty will be rewarded. Listening to employees' conversations is not ethical, and it might make them feel uncomfortable and defensive, which does not encourage honesty and openness. Communicating informally is not necessarily related to encouraging openness and honesty. Having employees report as often as possible will not necessarily encourage employees to be open and honest; in fact, it might encourage employees to overstate their work progress.

SOURCE: OP:354 Monitor and ensure completion of delegated tasks

SOURCE: Free Management Books. (n.d.). *Monitoring delegated tasks*. Retrieved September 30, 2020, from <http://www.free-management-ebooks.com/faqs/delegation-05.htm>

58. C

Unique goods or services. A project is a short-term undertaking that creates a unique good or service. Every project generates a deliverable or quantifiable result. Boosts in revenue, marketing campaigns, and new business opportunities might be examples of deliverables created by projects, but not every project results in any one of these options.

SOURCE: OP:158 Explain the nature of project management

SOURCE: LAP-OP-158—Projected To Win (Nature of Project Management)

59. C

Partnerships. A business that has a cooperative orientation is willing to work with its vendors to achieve their mutual goals. Having a cooperative orientation involves a willingness to share relevant information and being fair, trustworthy, and reliable. When these circumstances exist, positive working relationships are built, and the buyer-seller relationship is similar to a partnership. Viewing vendors as obligations, transactions, or rivals may create conflict rather than build positive working relationships.

SOURCE: OP:241 Maintain vendor/supplier relationships

SOURCE: Rowe, T. (2020). *When winning doesn't mean coming in first*. Retrieved September 30, 2020, from <https://www.skillsyouneed.com/rhubarb/competition-vs-cooperation.html>

60. A

Standing. Standing orders involve sending products at set intervals. This type of purchase order is ideal for businesses that need the same amount of an item on a regular basis. In the example, SOA Manufacturing may need the bolts to produce its products. Because SOA Manufacturing knows that it generates a set amount of outputs in a certain amount of time, it advises its vendor (Colbert Company) to ship a certain number of bolts at set intervals—every other week. An advance order is a normal order that is placed now with delivery requested for a future time (e.g., in weeks or months). A seasonal order is an order that is placed for seasonal merchandise, such as snow shovels or beach umbrellas. An open order is an order for staple goods that is placed with one of several available vendors that can meet the business's immediate requirements (e.g., time, price, quantity).

SOURCE: OP:250 Describe types of purchase orders

SOURCE: Business Dictionary. (2020). *Standing order*. Retrieved September 30, 2020, from <http://www.businessdictionary.com/definition/standing-order.html>

61. C

To sell it to end users. Businesses keep different types of inventory on hand for different reasons. If the business sells the goods that it buys to end users, it is resale stock. For example, an appliance-store chain (retailer) buys stoves, refrigerators, and dishwashers from manufacturers and sells the items to consumers. Items such as parts (e.g., nails) and raw materials (e.g., wood) are used to produce manufactured goods. Businesses also maintain an inventory of supplies (e.g., office, cleaning) for employees to use to complete their work (business operations).

SOURCE: OP:336 Discuss types of inventory

SOURCE: Reference for Business. (2020). *Inventory types*. Retrieved September 30, 2020, from <http://www.referenceforbusiness.com/management/Int-Loc/Inventory-Types.html>

62. C

Concede on minor points before major points. Planning for concessions is an important aspect of an effective negotiation strategy. A concession is something that one party gives up during a negotiation. In many situations, one party will give up something that it wants and use it (the concession) as leverage to get something else that it wants later during the negotiation process. An effective negotiator wants to give up (concede) something minor or unimportant early to make it seem more valuable than it really is. If the negotiator gives up a major point early in the negotiation, then s/he will lose her/his power base and leverage. If the negotiator does not plan to provide some concessions, then the negotiation session may end in a stalemate, and agreement may not be reached. Refusing to concede anything might result in a stalemate.

SOURCE: OP:337 Negotiate terms with vendors in business

SOURCE: Pynchon, V. (2020). *5 things most people don't know about negotiating*. Retrieved September 30, 2020, from <https://www.themuse.com/advice/5-things-most-people-dont-know-about-negotiating>

63. C

Production. Variable expenses change in proportion to the number of items produced or sold. The more product that is produced, the more expenses there are for utilities and payroll. Therefore, variable costs increase as production increases. Competition is rivalry between two or more businesses to attract customer dollars. Automation is a production method in which machines do tasks automatically. Motivation is the process of getting employees to strive to achieve management's objectives because they want to achieve them.

SOURCE: OP:024 Explain the nature of overhead/operating costs

SOURCE: Inc. (2020). *Fixed and variable expenses*. Retrieved September 30, 2020, from <http://www.inc.com/encyclopedia/fixed-and-variable-expenses.html>

64. B

Deliver products to customers faster. Supply chain management refers to the coordination of a product's production, shipment, and distribution stages to cut excess costs and maximize customer value. The ultimate goal of supply chain management is to deliver products to customers as efficiently as possible—not to increase brand awareness among consumers, to attract or maintain talented employees, or to make connections within the business community.

SOURCE: OP:303 Discuss the nature of supply chain management

SOURCE: Hayes, A. (2020, July 1). *Supply chain management (SCM)*. Retrieved September 30, 2020, from <https://www.investopedia.com/terms/s/scm.asp>

65. C

Timely. SMART goals are specific, measurable, attainable, relevant and, timely. This eliminates confusion and helps employees know what is specifically asked of them.

SOURCE: PD:255 Ascertain employee's role in meeting organizational goals

SOURCE: Indeed. (2020, September 21). *SMART goals: Definition and examples*. Retrieved September 21, 2020, from <https://www.indeed.com/career-advice/career-development/smart-goals>

66. B

Process thinking. This type of thinking focuses on the step-by-step processes that will contribute to achieving a specific goal. Since every outcome is a result of at least one process (and usually multiple processes), process thinking is an excellent way to plan ahead for maximum success. Mark is demonstrating process thinking in this example—not necessarily agile project management, critical thinking, or goal setting. Agile project management involves making continuous improvements to a project over time. Critical thinking is the act of reflecting on and processing information in an objective manner to form a judgment. Goal setting involves determining objectives that you would like to accomplish in a set amount of time.

SOURCE: OP:474 Discuss business process thinking and its impact

SOURCE: Pitagorsky, G. (2020). *The importance of process thinking*. Retrieved September 30, 2020, from <https://www.projecttimes.com/george-pitagorsky/the-importance-of-process-thinking.html>

67. B

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 Explain managerial considerations in organizing

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

68. C

Efficient supply chains lead to greater sustainability. When a supply chain runs smoothly and efficiently, goods are not overproduced, underproduced, damaged, or lost throughout the chain. As a result, the supply chain and its members achieve greater sustainability by reducing overall waste. Inefficient supply chains, on the other hand, lead to decreased sustainability—which can also lead to problems such as decreased customer satisfaction and less overall value for stakeholders.

SOURCE: OP:477 Explain the impact of supply chain on business performance

SOURCE: Inspirage. (2015, December 15). *How does efficiency impact sustainability in the supply chain?* Retrieved September 30, 2020, from <http://www.inspirage.com/2015/12/efficiency-impact-sustainability-supply-chain/>

69. A

Allowing inventory to be monitored regularly. Technology such as enterprise resource systems allows inventory to be constantly monitored and automatically alerts businesses when levels are running low. Technology does not eliminate the need for supplier relationships, cause disruptions in the supply chain, or increase warehouse storage costs.

SOURCE: OP:478 Describe the impact of technology on supply chain management

SOURCE: Business Development Bank of Canada. (n.d.). *How to implement just-in-time inventory management.* Retrieved September 30, 2020, from <https://www.bdc.ca/en/articles-tools/operations/inventory-management/pages/inventory-management-build-smoother-supply-chain.aspx>

70. B

Management. It is management's responsibility to plan the work that needs to be done, to organize efforts to carry out that work, to provide leadership, and to control the firm's efforts to meet its goals. The functions of marketing include distribution, marketing-information management, pricing, product/service management, promotion, and selling. Marketing and management are two of the functions of business. Budgets are tools that managers use in managing a business's finances.

SOURCE: SM:001 Explain the concept of management

SOURCE: LAP-SM-001—Manage This! (Concept of Management)

71. B

Companies need to personalize products and packaging to appeal to multiple customer segments. Globalization has resulted in an increasingly "smaller" world where companies serve customers across all continents. Because people in different regions have different tastes, customs, and preferences, companies must now have a variety of supply chain networks to create products that appeal to multiple audiences. Members in supply chains have always needed to have a clear understanding of how the larger network operates; this is not a result of globalization. As a result of globalization, supply chain networks are much larger and more complex than they were in previous eras, not smaller and less complex. It is also more challenging now for companies to differentiate their products from the competition, since the global market has become oversaturated with companies selling very similar products.

SOURCE: OP:480 Discuss global supply chain issues

SOURCE: Swartz, S. (2014, October 6). *Challenges for today's global supply chain: Cost, profitability and personalization.* Retrieved September 30, 2020, from <http://www.inboundlogistics.com/cms/article/challenges-for-todays-global-supply-chain-cost-profitability-and-personalization/>

72. C

How the information is accessed. An effective digital inventory records what information is on what media, where the information is located, and how it is accessed. The order of importance, costs associated with the information, and how the information will be used are not as important while inventorying digital assets.

SOURCE: OP:517 Comply with strategies for protecting business' digital assets (e.g., website, social media, email, etc.)

SOURCE: Parrish, S. (2014, February 10). *Beyond identity theft: Why you need to protect your digital assets*. Retrieved September 30, 2020, from <http://www.forbes.com/sites/steveparrish/2014/02/10/beyond-identity-theftwhy-you-need-to-protect-your-digital-assets/#2715e4857a0b14a790d82b61>

73. B

Only ask for the information he needs the most. To protect customer data, Tanner should only ask for the customer information he needs the most so he does not unnecessarily collect private data that are not needed. This technique will help him limit the risk associated with collecting data. It is not a good idea to refrain from sharing the nature of the survey, because it is best to be open and transparent with customers. Tanner should not store the data for any future use because to protect customers, their data should only be used for the intended purpose. Finally, housing data on portable drives will not necessarily help protect customer data.

SOURCE: OP:518 Comply with strategies to protect digital customer data (e.g., information about customers, customers' credit-card numbers, passwords, customer transactions)

SOURCE: FTC. (n.d.). *Protecting personal information: A guide for business*. Retrieved September 30, 2020, from <https://www.ftc.gov/tips-advice/business-center/guidance/protecting-personal-information-guide-business>

74. D

Unhappy employees might leave the company. When employees feel that they are not being treated fairly or with respect, they might not want to continue contributing to the success of the company. Employee turnover presents many problems. A lack of fairness and respect is not directly related to whether or not important details might slip through the cracks, whether the company will go bankrupt, or whether employees will be at risk of injury.

SOURCE: RM:041 Explain the role of ethics in risk management

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

75. D

Interpreting the facts. Research reports should report the facts but should not interpret them, because they should be objective and unbiased. Research reports present information without interpretation or opinion. Josh should not avoid including positive information if it is factual, because his report might then be biased and inaccurate. Josh should summarize his findings in his introduction or conclusion to help readers with comprehension and retention. Finally, using visual representations can be a useful way to convey data in a research report.

SOURCE: CO:186 Write research reports

SOURCE: Prestwick House. (2014). *Fact vs. interpretation*. Retrieved October 29, 2020, from https://www.prestwickhouse.com/file%20library/free%20lessons/free_lesson_nonfiction-fact-interpretation.pdf

76. D

Angel investor, entrepreneur. An entrepreneur is an individual who identifies an opportunity to create new value, develops and offers a unique product, assumes the risks of starting and building a business, focuses on the improvement and growth of that business, and receives personal and financial rewards for her/his efforts. An angel investor is someone who provides startup money to a new business. A franchisee is someone who buys the right to sell the goods or services of a parent company (franchisor). A manager is an individual responsible for the coordination of resources in order to accomplish an organization's goals. Loan officers are employees who coordinate the loan process for their employers (e.g., bank, mortgage company) and the loan applicant. A licensor is the owner of copyrighted, patented, or trademarked material. A sponsor is a business, individual, or organization that pays a fee to be associated with another's event.

SOURCE: PD:066 Explain career opportunities in entrepreneurship

SOURCE: LAP-PD-066—Own Your Own (Career Opportunities in Entrepreneurship)

77. A

Operations management. Chief operations officer, process improvement specialist, and call center supervisor are operations management positions. They are not general management, business analytics, or human resources management positions. Operations management professionals are responsible for planning, organizing, coordinating, and controlling the resources needed to produce and provide a business's goods and/or services.

SOURCE: PD:297 Discuss employment opportunities in business management and administration

SOURCE: LAP-PD-297—Career Opportunities in Business Management and Administration

78. C

Managing stakeholder expectations. The executing process group of project management includes processes that complete the work to satisfy the project specifications. Managing stakeholder expectations is an example of completing work that is necessary to meet the requirements of the project. Controlling communications is a part of the monitoring and controlling process group. Developing a project management plan is part of the planning process group. Validating scope is also part of the monitoring and controlling process group.

SOURCE: PJ:009 Execute and control projects

SOURCE: Villanova University. (2019, May 3). *Executing process group*. Retrieved October 29, 2020, from <https://www.villanovau.com/resources/project-management/pmbok-executing-process-group/>

79. 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 its 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.

SOURCE: OP:327 Discuss the nature of business analysis

SOURCE: Lumen Learning. (n.d.). *Factors of production: Inputs and outputs*. Retrieved September 30, 2020, from <https://courses.lumenlearning.com/baycollege-introbusiness/chapter/reading-resources-inputs-and-outputs/>

80. A

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 goals.

SOURCE: PJ:005 Initiate project

SOURCE: Eby, K. (2019, January 9). *The essential guide to writing SMART goals*. Retrieved September 30, 2020, from <https://www.smartsheet.com/blog/essential-guide-writing-smart-goals>

81. C

Prevents the duplication of work. Creating a work breakdown structure (WBS) involves dividing project tasks into meaningful components to complete the project. Dividing the entire project into smaller components helps the project manager identify tasks and effectively schedule, assign, and monitor complex project activities. By dividing the work into smaller packages, the project manager defines each task and the team member(s) who will perform the tasks, which prevents the duplication of work. Project managers cannot eliminate unexpected circumstances, although they must be able to handle them. Developing a WBS does not reduce the need to set project milestones (incremental goals) or decrease the need to manage project tasks.

SOURCE: PJ:006 Prepare work breakdown structure (WBS)

SOURCE: WorkBreakdownStructure.com. (2020). *What is a work breakdown structure?* Retrieved September 30, 2020, from <https://www.workbreakdownstructure.com/>

82. D

Producing. During the execution phase of a project, team members perform or produce the work to create the desired outputs. Forecasting is the process of estimating something and is a planning activity. Financing is the process of obtaining the funds to produce the project. Arbitrating is the process of facilitating a negotiation process.

SOURCE: PJ:009 Execute and control projects

SOURCE: Watt, A. (n.d.). *The project life cycle (phases)*. Retrieved September 30, 2020, from <https://opentextbc.ca/projectmanagement/chapter/chapter-3-the-project-life-cycle-phases-project-management/>

83. A

Project managers are often responsible for coordinating the activities of team members from several departments. Many types of projects require the input and skills of team members from different departments—finance, legal, production, research and development, etc. When managing cross-functional project teams, the project manager must understand each team member's role in the project so s/he can effectively coordinate all of the activities that need to be completed for the project. Although the project manager may be responsible for developing a budget for the project, the operations manager is usually responsible for developing the business's operating budget. Because team members have different experiences, skills, and perceptions, project managers may, in some situations, need to intervene and help resolve conflicts. Although financial-management expertise may be important, project managers must have effective communication skills in order to guide the team members' activities and help them to resolve problems and conflicts.

SOURCE: PJ:007 Manage project team

SOURCE: Kissflow. (2020, September 20). *10 dynamic strategies for managing a project team*. Retrieved September 30, 2020, from <https://kissflow.com/project/project-team-management/>

84. B

Network diagram. A network diagram is used to plan and track a project from beginning to end. 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 substeps that would be diagrammed in a work breakdown structure (e.g., substeps required to prepare house for painting: take down shutters, scrape off chipping paint, etc.). A scope management plan defines the project's purpose and 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 Manage project schedule

SOURCE: Dummies. (n.d.). *How to create a network diagram*. Retrieved September 30, 2020, from <http://www.dummies.com/careers/project-management/how-to-create-a-network-diagram/>

85. B

Excellence. An excellent product is useful and performs its job well. For example, a quality coffee machine grinds coffee beans well. This is an example of an excellent product. When a customer believes that a product is worth the money s/he spends on it, s/he considers the product to be of good value. Conformance refers to a product that conforms to predetermined specifications. Satisfaction refers to whether or not a customer is fully satisfied with a product. Brianna's coffee maker may have also been of good value, conformed to its specifications, and provided her with satisfaction—but in this example, the type of quality described is excellence.

SOURCE: QM:001 Explain the nature of quality management

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

86. B

Lower costs. Quality management involves the coordination of resources to ensure a degree of excellence of a process, good, or service. Six Sigma is a quality-management framework that involves continuously setting higher goals of perfection. The Six Sigma framework builds upon previous goals to set higher goals in order to continuously improve the quality of a business's goods, services, or processes. The ultimate goal is to maximize outputs, have no process or product defects, and minimize production costs. Therefore, an important aspect of the Six Sigma philosophy is to continuously lower costs while improving quality. When quality improves, customer satisfaction tends to improve. To continuously improve, the business may determine that it needs to simplify activities, obtain better technology, or reevaluate its needs.

SOURCE: QM:002 Describe the nature of quality management frameworks (e.g., Six Sigma, ITIL, CMMI)

SOURCE: iSixSigma. (2020). *Six sigma: What is six sigma?* Retrieved September 30, 2020, from http://www.isixsigma.com/sixsigma/six_sigma.asp

87. C

Incremental. Continuous improvement is the ongoing practice of looking for ways to increase the levels of excellence of a process, good, or service. Incremental improvement involves many employees carrying out small changes over time. Breakthrough improvements often occur suddenly and result in immediate, drastic changes. Accelerated improvements occur when a business makes a series of improvements very quickly in a short period of time. Recovery involves regaining control of something.

SOURCE: QM:003 Discuss the need for continuous improvement of the quality process

SOURCE: BDC. (n.d.). *Continuous improvement*. Retrieved September 30, 2020, from https://www.bdc.ca/en/articles-tools/operations/operational-efficiency/pages/continuous-improvement.aspx?PATH=/EN/advice_centre/ask_professionnal/Pages/continuous_improvement.aspx

88. C

Withholding information from insurance underwriters. In the insurance industry, underwriters assess the risks of insuring an applicant and approve compensation for loss under the terms of an insurance policy. Withholding information that may affect the approval of the applicant or the compensation associated with a claim is unethical behavior. Requesting various documents to process a loan request, issuing bonds to raise funds for a corporation, and using third-party debt collectors to obtain overdue payments are ethical activities.

SOURCE: RM:041 Explain the role of ethics in risk management

SOURCE: Jones, R. (2012, March 7). *The ethics of risk management: No easy answers*. Retrieved September 30, 2020, from <http://ww2.cfo.com/risk-management/2012/03/the-ethics-of-risk-management-no-easy-answers/>

89. A

To obtain buy-in from stakeholders. Changes are more successful when stakeholders are supportive of them. Change management helps obtain this buy-in from stakeholders by keeping them informed and involved. Limiting the effects of a change, keeping the people involved to a minimum, and reducing the time it takes to make a change are not necessarily goals of change management.

SOURCE: SM:095 Explain the nature of change management

SOURCE: Mind Tools. (2020). *Change management: Making organizational change happen effectively*. Retrieved September 30, 2020, from https://www.mindtools.com/pages/article/newPPM_87.htm

90. A

Are owned by the company they protect. Captive insurance companies are those that are formed by other companies who do not want to use an outside firm. It is essentially “self-insurance.” Some traditional insurance companies only cover certain types of risk. Captive insurance companies do not necessarily charge higher premiums. Finally, captive insurance companies do risk their parent companies' own capital.

SOURCE: RM:043 Discuss legal considerations affecting risk management

SOURCE: Kagan, J. (2020, August 24). *Captive insurance company*. Retrieved September 30, 2020, from <https://www.investopedia.com/terms/c/captive-insurance-company.asp>

91. C

International risk management. International risk management poses unique challenges to companies, including the potential for weak foreign economies, pricing pressures from other countries or competing companies, regulatory changes within foreign governments, and global supply chain disruptions. These factors may also affect domestic shipping processes, internal change management, or cultural literacy initiatives; however, international risk management would be most affected.

SOURCE: RM:092 Describe international considerations affecting risk management

SOURCE: Pihlajarinne, H. (2015, February 19). *Risk management in international business*. Retrieved September 30, 2020, from <http://tamkjournal-en.tamk.fi/risk-management-in-international-business/>

92. A

Supply chain network. A supply chain network is a group of organizations that have business relationships with each other for the purpose of creating an end product. Raw materials distributors, manufacturers, packaging companies, and stores are examples of the types of companies that participate in supply chains. The terms “route of production,” “manufacturing route,” and “distribution network” are not generally used to describe this type of network.

SOURCE: OP:479 Describe supply chain networks

SOURCE: Kenton, W. (2020, July 7). *Supply chain*. Retrieved September 30, 2020, from <https://www.investopedia.com/terms/s/supplychain.asp>

93. D

Managerial planning. Managerial planning is the process of assessing an organization's goals and creating a plan of action for meeting those goals. Reflecting on the previous month's accomplishments and deciding the priorities for the next month are examples of managerial planning. Operations management refers to a business's attempt to operate in the most efficient manner possible. Human resource planning is carried out by a human resource manager. Supply chain management refers to the oversight of materials and information as they move among members of a supply chain.

SOURCE: SM:063 Discuss the nature of managerial planning

SOURCE: Gartenstein, D. (2019, February 4). *The basic steps in the management planning process*. Retrieved September 30, 2020, from <http://smallbusiness.chron.com/basic-steps-management-planning-process-17646.html>

94. 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. While human, regulatory, technological, and environmental factors can individually impact visitation guidelines, leave policies, and project due dates, the combination of all four factors is most likely to influence the design of business processes.

SOURCE: OP:475 Describe the factors that influence business process design

SOURCE: Taylor, H. (2017, September 26). *Factors that affect process design*. Retrieved September 30, 2020, from <https://bizfluent.com/list-7444011-factors-affect-process-design.html>

95. D

Finding the right number of applicants. The key to recruiting is finding just the right number of applicants. Too few, and it may be difficult to find a qualified, well-suited candidate; too many, and the process becomes lengthy and time-consuming. Recruiting may involve placing ads in local newspapers, but this action is not the key to the recruiting task. Selecting which applicants to interview and negotiating job offers are staffing tasks, but they are not part of recruiting.

SOURCE: SM:065 Describe managerial considerations in staffing

SOURCE: LAP-SM-065—Dream Team Maker (Staffing)

96. D

Providing employees with instructions. Directing is the management function of providing guidance to workers and work projects. An important aspect of providing guidance is giving instructions to employees so they can perform their work. Interviewing job applicants is a staffing activity. Developing long-term objectives is a planning activity. Creating systematic approaches for activities is an organizing activity.

SOURCE: SM:066 Discuss managerial considerations in directing

SOURCE: Management Study Guide. (2020). *Directing function of management*. Retrieved September 30, 2020, from http://www.managementstudyguide.com/directing_function.htm

97. A

Technology. Technology presents many risks and issues for companies that need to be monitored and controlled. Managers must control how and when technologies (such as computer software, internet programs, machinery, and personal devices, to name just a few) are used. If technology is not used properly, data could be lost, stolen, or misused. Marketing, employees, and production of goods present their own risks to a company, but they do not present serious security risks the way that technology does.

SOURCE: SM:004 Describe the nature of managerial control (control process, types of control, what is controlled)

SOURCE: LAP-SM-400—Measure Up! (Managerial Control)

98. D

Innovation. Innovation, the creation or discovery of something new, such as a new product, strategy, or process, is closely tied to knowledge and learning. When employees are constantly learning at work, they are more likely to innovate. They are not more likely to become complacent, which means feeling satisfied with less-than-stellar performance. Learning and knowledge may also lead to greater curiosity and leadership, but this example specifically references innovation.

SOURCE: SM:094 Describe relationship among innovation, learning, and change

SOURCE: Management Study Guide. (2020). *The new competitive landscape: Role of knowledge, learning and innovation in organizations*. Retrieved September 30, 2020, from <https://www.managementstudyguide.com/role-of-knowledge-learning-and-innovation-in-organizations.htm>

99. A

Risk modeling. Businesses use risk modeling to quantify the potential losses to which they would be exposed if certain events were to occur. Fraud detection software can detect problems, such as policy violations, embezzlement, and suspicious social networking activity in real time. Intrusion detection systems (e.g., firewalls) are designed to protect the business's computer systems from unauthorized access. In the insurance industry, risk assumption means that an individual or business assumes or accepts responsibility for the possibility of loss (risk) that results from a specific event or action.

SOURCE: RM:042 Describe the use of technology in risk management

SOURCE: Kuehn, R. (2020, June 1). *Risk modeling*. Retrieved September 30, 2020, from <https://nms.kcl.ac.uk/reimer.kuehn/riskmodeling.html>

100. D

Organizations identify and communicate the need for change to employees. The first stage of the change management life cycle involves realizing the need for change and explaining this to employees in an understandable manner. Engaging in dialogue to determine how to best implement change, agreeing on a strategic plan for implementing the desired change, and carrying out a strategic plan for implementing desired change are all actions taken in subsequent stages of the change management life cycle.

SOURCE: SM:096 Explain the change-management lifecycle

SOURCE: TwentyEighty Strategy Execution. (2015). *The change management life cycle: How to involve your people to ensure success at every stage*. Retrieved September 30, 2020, from <https://www.strategyex.com/~/-/media/Files/Public-Site/US/POVs/ChangeManagement>