



Competency-Based
Competitive Events
Written Exam

2022 HS ICDC
Booklet Number _____

Entrepreneurship Exam

ENT – Entrepreneurship Series Event

ETDM – Entrepreneurship Team Decision Making Event

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. Which of the following is a reason why an employer could legally fire an employee:
 - A. Insubordination
 - B. Whistleblowing
 - C. Retaliation
 - D. Alien status
2. Which ownership structure is subject to dual taxation?
 - A. Sole proprietorships
 - B. Partnerships
 - C. Corporations
 - D. Hybrids
3. A company in the transportation sector bought several barrels of gasoline. The applicable tax was included in the price per gallon rather than being added on at the end of the transaction. The tax on the gasoline is an example of a(n) _____ tax.
 - A. excise
 - B. sales
 - C. payroll
 - D. income
4. The owners of competing musical equipment stores in neighboring towns come to a disagreement when one business infringes on the territory of the other. This is most likely an example of
 - A. dual distribution.
 - B. vertical conflict.
 - C. multiple distribution.
 - D. horizontal conflict.
5. Which of the following statements about agents is true:
 - A. They do not buy goods or services from producers.
 - B. They take title to the products they sell.
 - C. They purchase the products they are selling.
 - D. They sell goods and services to a producer.
6. Car manufacturers such as BMW, Mercedes-Benz, and Lamborghini often only use one distributor in a particular region. This is an example of _____ distribution.
 - A. exclusive
 - B. intensive
 - C. selective
 - D. definitive
7. Which of the following statements best describes a formally solicited business proposal:
 - A. It is written when there isn't a request for a proposal.
 - B. It is written when there is a request for a proposal.
 - C. It is created out of informal conversations.
 - D. It is taking a generic, one-size-fits-all approach.
8. The responsibility for creating and maintaining a customer service-oriented culture rests most prominently on the organization's
 - A. prospective customers.
 - B. full-time employees.
 - C. repeat customers.
 - D. managers and executives.
9. Tia wants to start a business producing custom phone cases, but she is worried about putting all of her money into it. She partners with her friend Owen, who agrees to contribute to startup costs if he can share in the profits. Tia is
 - A. taking operational risks.
 - B. avoiding risk.
 - C. eliminating hazard risks.
 - D. transferring risk.
10. Sophie earned a promotion at the beginning of this year and received a significant pay raise as a result. Because of her increase in salary, she pays taxes at a higher rate than she did the previous year. This is an example of a _____ tax structure.
 - A. flat
 - B. regressive
 - C. progressive
 - D. proportional
11. A role model manager is someone who
 - A. leads by example.
 - B. takes all the credit.
 - C. follows their own rules.
 - D. forgets about mistakes.

12. Gloria receives a bonus at work for exceeding her monthly sales quota. What is this an example of?
- A. Public appreciation
 - B. Increased morale
 - C. Informal recognition
 - D. Formal recognition
13. For project managers, the most important part of managing stakeholder expectations is
- A. understanding them.
 - B. competing against them.
 - C. justifying them.
 - D. delegating them.
14. Which of the following is a benefit of sharing best practices within an organization:
- A. It encourages employees to keep information to themselves.
 - B. It guarantees better decision-making.
 - C. It increases time and costs.
 - D. It identifies and fills knowledge gaps.
15. Which stage of the entrepreneurial process consists of determining whether the concept is worth investing in?
- A. Company formation
 - B. Planning
 - C. Opportunity evaluation
 - D. Growth
16. Companies today are embracing authentic, ethical marketing, and they are considering how operations impact their external stakeholders, including local communities. This observation supports which of the following global trends:
- A. Growing importance of social responsibility
 - B. More specialized business education
 - C. Growth of the gig economy
 - D. Rise of digital nomadism
17. A benefit of a business conducting a feasibility study is that it can
- A. confirm that a venture already known to be feasible is feasible.
 - B. shed light on the optimum timing for a venture to be actualized.
 - C. decrease the risks and benefits of a proposed venture.
 - D. increase time and resources devoted to unfeasible ideas.
18. If a CEO of a company has a results-oriented approach and is focused on achieving specific goals or tasks throughout the process of a project, they are using which strategic planning approach?
- A. Entrepreneurial strategy matrix
 - B. Opportunity management
 - C. Milestone planning
 - D. Contingency approach
19. Flora wants to start a new business venture but is concerned about possible risks—namely, the chance that her marriage will suffer. This is an example of a(n) _____ risk.
- A. industry
 - B. financial
 - C. career
 - D. emotional
20. Zach wrote an original song and wants to legally protect and maintain sole rights for this work. Which of the following is mostly likely to help Zach:
- A. Copyright
 - B. Patent
 - C. Trade secret
 - D. Trademark
21. Sakiko wants to make sure she has a good understanding of the target customers for her new venture, so in her business plan, she should include a(n)
- A. executive summary.
 - B. market analysis.
 - C. competitive analysis.
 - D. company description.
22. Sorchia and her best friend developed a new board game they want to produce and share with other tabletop gamers. However, they don't have the capital to fund this venture themselves, so they raised money from a large group of people who are interested in getting the game once it's released. This is an example of
- A. networking.
 - B. crowdfunding.
 - C. a loan program.
 - D. a trust fund.

23. Which of the following is an advantage for a business that hires a new full-time employee:
- A. It often requires a comprehensive benefits package.
 - B. It increases the business's expenses.
 - C. It leads to time spent training the employee.
 - D. It brings new ideas and perspectives to the table.
24. One characteristic of all capital resources is that they
- A. are not mobile.
 - B. occur naturally.
 - C. are made by people.
 - D. do not diminish in value.
25. Which of the following is a true statement about a business's purchasing system:
- A. It helps determine what to buy, how much to buy, and when to buy it.
 - B. It monitors stock and makes the purchasing process less efficient.
 - C. It reduces supply costs and increases administrative costs.
 - D. It increases the length of the purchase cycle and reduces human error.
26. One way a business can organize and improve its workflow is by encouraging its employees to
- A. avoid taking breaks.
 - B. prioritize multitasking.
 - C. separate duties.
 - D. take their work home.
27. To protect the company's operations from risks like natural disasters or cyberattacks, IT Solutions, Inc. developed a
- A. business continuity plan.
 - B. content management system.
 - C. unique selling proposition.
 - D. benchmarking system.
28. Which of the following results from an effective business exit strategy:
- A. Higher taxes on the owner's estate, spouse, or family
 - B. A drop in the overall value of the business
 - C. A decrease in the future worth and stature of the business
 - D. A smooth transition for management and stakeholders
29. Direct insurance writers are different from independent insurance agents because direct writers
- A. are not employed by an insurance company.
 - B. are employed by an insurance company.
 - C. pay their own business expenses.
 - D. work on behalf of the policymaker.
30. Which of the following statements about an unsecured business line of credit is true:
- A. Risk associated with it is lower.
 - B. It is tied to collateral.
 - C. It is based primarily on creditworthiness.
 - D. The interest rate is often lower.
31. Which of the following factors is most important when seeking business financing:
- A. Consistent cash flow
 - B. High profitability
 - C. Low employee turnover
 - D. Competent management
32. A small-business owner has applied for business credit through the Rocky Mountain Bank. The bank is willing to grant the loan if the business maintains an interest coverage ratio above two. This obligation is an example of a
- A. personal guarantee.
 - B. financial restriction.
 - C. subordination agreement.
 - D. financial covenant.
33. To qualify applicants for a loan, banks frequently use the five C's of credit to gauge the creditworthiness of the potential borrowers. The five most common C's of credit are
- A. currency, character, capacity, collateral, and cash.
 - B. calculation, character, capital, collateral, and conditions.
 - C. capital, cash, calculation, character, and collateral.
 - D. character, capacity, capital, collateral, and conditions.

34. To encourage publicity, Felicity provided written information about the company's newest product to several media outlets. What did Felicity provide to the media outlets?
- A. Press release
 - B. News conference
 - C. Philanthropy
 - D. Newsletter
35. Which of the following is a true statement about the payback period:
- A. It is not necessary to include in every cost-benefit analysis.
 - B. It is very difficult to estimate.
 - C. The shorter it is, the better.
 - D. The longer it is, the easier the project is to implement.
36. Hannah wants to know how sales revenue will be affected if her team budgets for an additional sales representative. What budgeting tool should Hannah use to explore this scenario?
- A. Break-even analysis
 - B. Sensitivity analysis
 - C. Cash flow analysis
 - D. Competitive analysis
37. If a manager wants to gain insight into a company's liquidity, profitability, and operational efficiency, what type of financial statement analysis should they conduct?
- A. Trend analysis
 - B. Vertical analysis
 - C. Horizontal analysis
 - D. Ratio analysis
38. Which of the following is a way in which a human resources department helps a business reach its goals:
- A. Creating training programs
 - B. Overseeing production and operations
 - C. Diagnosing technology issues
 - D. Marketing the business on social media
39. A successful business is able to coordinate its human, capital, and fiscal resources. Which of the following are examples of capital resources:
- A. Natural gas and oil
 - B. Company managers and employees
 - C. Office building and supplies
 - D. Government money and taxes
40. Which of the following is a legal question an interviewer can ask a job applicant:
- A. How many children do you have?
 - B. Where do you see yourself in five years?
 - C. When did you graduate from high school?
 - D. Are you married or in a relationship?
41. Which of the following statements about a company conducting employee performance evaluations is true:
- A. The evaluator should have little to no day-to-day contact with the employees.
 - B. Employee evaluations should only be conducted for compensation.
 - C. The evaluations should focus on the employees' behaviors and results, not traits.
 - D. Employees should receive little or no advance notice of their evaluation meeting.
42. If a marketer is looking to gather data from a company's sales team, what information can they expect to find?
- A. What products competitors are currently offering
 - B. Updates on current trends in the marketing industry
 - C. Who the company's current and potential customers are
 - D. The cost of goods, services, and raw materials
43. A disadvantage of using secondary data is that secondary data
- A. may not directly apply to the problem at hand.
 - B. cannot be accessed in a quick or timely manner.
 - C. are often expensive and create additional research.
 - D. are more up to date and relevant than primary data.
44. Which of the following is an environmental factor that may influence a company's buying behavior:
- A. Business competition
 - B. Business size
 - C. Business structure
 - D. Business procedures

45. When marketers are developing the product element of the marketing mix, which of the following factors should they consider:
- A. When messages should be delivered
 - B. How to raise a product's value
 - C. How much of the product to order
 - D. Which brands should be used
46. Alyssa only buys one brand of purses because both she and the company that produces the brand support the same charities. Alyssa only buying purses from this brand is most likely an example of what type of behavioral segmentation?
- A. Occasion response
 - B. Rate of use
 - C. Loyalty response
 - D. Benefits derived
47. Michael owns a restaurant with a great reputation. A competing restaurant down the street just closed, so Michael plans to use his reputation to attract those customers to his business. What SWOT marketing strategy is Michael using?
- A. S-O
 - B. S-T
 - C. W-O
 - D. W-T
48. Which of the following is a benefit of the top-down approach to forecasting sales:
- A. More employee involvement
 - B. More realistic financial view
 - C. Reduced variability
 - D. Better item-level forecasting
49. When developing a marketing strategy, which of the following would typically come first:
- A. Creating an evaluation process
 - B. Developing a promotion strategy
 - C. Determining a budget
 - D. Conducting market research
50. Which of the following is an impact of implementing an effective customer profile system into a marketing and sales campaign:
- A. It increases the company's churn rate.
 - B. It increases the price of a campaign.
 - C. It creates a broader customer base.
 - D. It leads to better customer service.
51. The management of a company is preparing to terminate a poor-performing employee. In this case, the company will need to access its _____ records.
- A. legal
 - B. personnel
 - C. financial
 - D. asset
52. Which of the following is a political factor that might be identified as part of an environmental scan:
- A. Increasing tax rates
 - B. Decreasing interest rates
 - C. Changing family roles
 - D. Changing laws and regulations
53. In addition to creating a safer workplace, which of the following is another impact of adopting workplace safety policies and procedures:
- A. Less lost time and lower costs
 - B. Costly worker compensation payments/plans
 - C. Maximized liability
 - D. Lower operational efficiency
54. Monica received an email that included an invoice for a service her company never requested or received. The email asks Monica to click the included link to access the invoice, adding that she must pay the balance with a credit or debit card in the next two hours, or late fees will be added to the overall cost. Monica identifies this as a scam email and reports it to human resources. The email Monica received is an example of a(n)
- A. ransomware attack.
 - B. malware attack.
 - C. phishing attack.
 - D. insider threat.

55. One of the most important factors in running a successful business is maintaining physical security in the work environment. One way to protect the safety and security of staff members is by
- A. setting up a surveillance and monitoring system.
 - B. allowing employees access to every area.
 - C. securing the facility from the inside out.
 - D. providing employees with multiple key cards.
56. If a manager of a manufacturing company wants to track the number of times certain incidents happen in a day, what management tool for quality control should they use?
- A. Flow chart
 - B. Check sheet
 - C. Fishbone diagram
 - D. Scatter diagram
57. Which of the following is the best example of a variable expense:
- A. Employee benefits
 - B. Rent/Mortgage
 - C. Sales commissions
 - D. Hourly employee working overtime
58. Which of the following is a common way in which businesses can reduce their costs:
- A. Ordering more materials than needed
 - B. Not sharing their office space
 - C. Avoiding hiring interns
 - D. Negotiating for lower rates and prices
59. Experts typically identify five elements of traditional supply chain management. Which of the following is the correct order of those five components:
- A. Manufacturing, planning, delivery and logistics, sourcing, returning
 - B. Planning, manufacturing, sourcing, delivery and logistics, returning
 - C. Sourcing, planning, manufacturing, delivery and logistics, returning
 - D. Planning, sourcing, manufacturing, delivery and logistics, returning
60. What element of the marketing mix most directly deals with supply chain management?
- A. Price
 - B. Product
 - C. Place
 - D. Promotion
61. If a business wants to identify their strengths and weaknesses, which business analysis technique should it employ?
- A. MoSCoW
 - B. MOST
 - C. PESTLE
 - D. SWOT
62. Which of the following is a disadvantage of process thinking:
- A. It doesn't help solve complex challenges.
 - B. It intentionally ignores past and future events.
 - C. It decreases profitability and efficiency.
 - D. It lowers quality and customer loyalty.
63. Which of the following are two results of a company incorporating a business process design:
- A. More redundancies and improved problem solving
 - B. Higher efficiency and decreased risk management
 - C. Increased structure and more consistency
 - D. Increased inefficiencies and more professionalism
64. Business process redesign is often criticized because it
- A. only affects specific departments.
 - B. can result in a large number of layoffs.
 - C. doesn't improve overall efficiency.
 - D. typically leads to minimal change.
65. An efficient supply chain can impact customers, a business's profitability, and business operations. Which of the following is a specific impact that an efficient supply chain has on business operations:
- A. Less waste
 - B. Higher profits
 - C. Lower prices
 - D. Higher costs

66. Which of the following is a strategy a business can employ to protect its data and digital assets:
- A. Avoiding storing sensitive information in the cloud
 - B. Allowing employees to use their own devices
 - C. Conducting an audit on company data
 - D. Repeating passwords across multiple sites
67. Effective time management skills help minimize _____, an action that often leads to errors and stress.
- A. orientation
 - B. innovation
 - C. discrimination
 - D. procrastination
68. Which of the following principles should businesses practice to achieve open and honest corporate governance that builds stakeholder trust and holds leadership accountable:
- A. Transparency
 - B. Empathy
 - C. Fairness
 - D. Viability
69. An organization's board of directors must always act in the best interest of the organization rather than themselves. What word best describes this responsibility?
- A. Fair market
 - B. Actuary
 - C. Ad hoc
 - D. Fiduciary
70. Which of the following is an example of an internal control mechanism impacting an organization's governance:
- A. Compliance laws
 - B. Union contracts
 - C. Regulatory guidelines
 - D. Segregation of duties
71. Which of the following statements is true about enterprise risk management (ERM):
- A. Business units practicing ERM typically manage their own risk.
 - B. Businesses practicing ERM typically have a dedicated team.
 - C. ERM emerged as a concept within the last five years.
 - D. ERM is used solely by the energy and public health industries.
72. A company's corporate governance is most often impacted by _____ expectations.
- A. employee
 - B. stakeholder
 - C. legal
 - D. digital
73. A business is trying to determine whether to use a truck or a plane to transport its low-cost shampoo across the country. Because the product is low-cost, the business decides to use a truck. In this scenario, which element of the marketing mix was affected by the price?
- A. Product
 - B. Promotion
 - C. Place
 - D. Property
74. Which of the following is a characteristic of an oligopolistic market:
- A. There is a range of prices rather than one market price.
 - B. Many businesses buy and sell nearly identical products.
 - C. An industry leader will usually determine prices.
 - D. There is only one seller or provider of a product.
75. Which of the following is a reason why a business may choose an alteration product-mix strategy:
- A. To reach the right customers
 - B. To remove a product that isn't profitable
 - C. To reach a different target market
 - D. To offer customers complementary products

76. Which of the following is something managers should do to establish great internal service:
- A. Teach employees how to perform other jobs in addition to their own
 - B. Hire experienced people and then teach them how to be friendly
 - C. Focus solely on external customers instead of employees
 - D. Insist that employees get a manager's approval for all decisions
77. A unique selling proposition that says "Our product will help you find a spouse within one week" is not effective because
- A. it doesn't create desire or urgency.
 - B. it's difficult to communicate.
 - C. it probably can't be fulfilled.
 - D. it isn't specific.
78. Mallory works in the fitting room of a retail store, helping customers try on clothes and bringing different sizes if needed. Each day, she communicates the company's values through her interactions with customers. Mallory is an example of a brand
- A. champion.
 - B. ambassador.
 - C. image.
 - D. cue.
79. Some forms of communication are better suited for use with certain products and their markets than others. This is a reason why effective promotional communication should be
- A. repetitive.
 - B. factual.
 - C. appropriate.
 - D. coordinated.
80. TV and radio are considered _____ media.
- A. space
 - B. time
 - C. print
 - D. social
81. Businesses are most likely to trigger word-of-mouth marketing by
- A. exceeding expectations.
 - B. raising prices.
 - C. hiring new staff.
 - D. appealing to investors.
82. Sonny wants to run mail, email, social media, and texting campaigns, which are all forms of _____ marketing.
- A. direct
 - B. print
 - C. digital
 - D. relationship
83. The key difference between push and pull marketing is how
- A. marketers document performance.
 - B. companies determine pricing.
 - C. customers are approached.
 - D. leadership appeals to investors.
84. Which of the following is a common type of equity financing:
- A. Business credit cards
 - B. Traditional loans
 - C. Angel investors
 - D. Lines of credit
85. Public relations employees are often tasked with crafting a company's
- A. products.
 - B. image.
 - C. financial documents.
 - D. hiring practices.
86. The executive summary is the most critical part of a business plan. Which of the following should be included in the executive summary of a business plan:
- A. Mission statement
 - B. Owner or CEO's name
 - C. Price of goods/services offered
 - D. Names of key employees
87. Corey wants a quality product that performs as it is supposed to. In other words, Corey is looking for an item that is
- A. responsive.
 - B. serviceable.
 - C. durable.
 - D. reliable.

88. An organization diversifies its projects and maintains a healthy cash flow to protect itself against possible _____ risks inherent in its business objectives.
- A. physical
 - B. strategic
 - C. human
 - D. technological
89. Companies typically use risk assessment to determine whether a project, investment, or endeavor is
- A. unique.
 - B. expensive.
 - C. legal.
 - D. worthwhile.
90. Cyrus uses a methodology of risk management in his organization that takes a top-down, company-wide approach when preparing for possible hazards. This strategy is called _____ risk management.
- A. ad hoc
 - B. traditional
 - C. enterprise
 - D. medium
91. Topics like board of directors responsibilities, terms of office, and stakeholder meetings are typically found in a company's
- A. marketing materials.
 - B. annual report.
 - C. bylaws.
 - D. rule of law.
92. Which of the following is an example of a product being sold to a consumer for ultimate consumption:
- A. A car dealership sells a truck to a landscaping company.
 - B. A person sells fruits and vegetables at a roadside stand.
 - C. A department store buys clothes to sell to its customers.
 - D. A candy store sells candy bars to a concession stand.
93. Which of the following statements best represents the management function of planning:
- A. It entails providing guidance to workers and work projects.
 - B. It involves setting up the way a business's work will be done.
 - C. It lays the groundwork for all other management functions.
 - D. It checks to make sure the company's goals are being met.
94. Which of the following are two internal factors that can influence management decisions:
- A. Political factors and leadership
 - B. Communication and organizational structure
 - C. Economic environment and corporate objectives
 - D. Environmental change and market factors
95. Which of the following is a characteristic of a successful mission statement:
- A. It is elaborate and memorable.
 - B. It answers what, how, and when.
 - C. It does not change over time.
 - D. It focuses on the present.
96. Which of the following is an interactive public relations activity:
- A. Newsletter
 - B. Press conference
 - C. Press kit
 - D. Podcast
97. When organizational change is implemented effectively, which of the following is a true statement about its impact:
- A. It only affects some employees.
 - B. It increases morale among workers.
 - C. It is felt for a short period of time.
 - D. It lengthens production cycles.
98. Effective change management has benefits on both the organizational and individual levels. A way in which it benefits an individual is that it helps
- A. align existing resources within the company.
 - B. plan efficient communication strategies.
 - C. contain costs associated with change.
 - D. anticipate challenges and respond efficiently.

99. If a manager is focused on helping their staff recognize the need for change and raising awareness of various challenges facing the organization, what step of the change management process are they displaying?
- A. Prepare the organization for change
 - B. Craft a vision and plan for change
 - C. Embed changes within company culture
 - D. Review progress and analyze results
100. Prior to her business's grand opening, Angela had fire sprinklers, fire extinguishers, fire safety exit signs, and smoke alarms installed throughout the building. The installation of these fire safety measures is an example of which common risk response?
- A. Acceptance
 - B. Avoidance
 - C. Transference
 - D. Mitigation



KEY

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1. A
Insubordination. An employer can legally fire an employee due to insubordination, which is defiance of authority. Disobeying a manager's orders, obstructionist behavior, displaying unprofessionalism, and causing arguments are some examples of insubordination. There are laws and regulations that prevent an employee from being fired because of whistleblowing, retaliation, or alien status. If a business is responsible for violating any rules or regulations, it cannot fire an employee who reports those instances (i.e., for whistleblowing). With retaliation, it is illegal to fire someone for asserting their rights under anti-discrimination laws. It is illegal to fire someone based on their alien status, so long as they are legally eligible to work.
SOURCE: BL:007
SOURCE: FindLaw. (2019, July 23). *Wrongful termination laws: Illegal reasons*. Retrieved February 1, 2022, from <https://www.findlaw.com/smallbusiness/employment-law-and-human-resources/wrongful-termination-laws-illegal-reasons.html>
2. C
Corporations. A corporation is required to pay more taxes than other ownership structures. A corporation is taxed on the profits made by the company itself. In addition, the shareholders are taxed on the dividends they earn on their investments. Partnerships, sole proprietorships, and hybrids are not subject to dual taxation.
SOURCE: BL:006
SOURCE: LAP-BL-006—Taking Care of Business (Selecting Forms of Business Ownership)
3. A
Excise. Excise tax is an indirect tax charged on specific goods, such as gasoline and alcohol. Because the company purchased gasoline, where tax is included in the price per gallon, it paid excise tax. Sales tax is a tax collected from consumers at the point of purchase and is usually a percentage of the total sale. Payroll tax is a tax on employment that is paid by both employers and employees. Income tax is a portion of an individual's or business's earning owed to the government.
SOURCE: BL:009
SOURCE: Wood, M. (2020, October 15). *11 important government regulations on business you must know*. Retrieved February 1, 2022, from <https://www.fundera.com/blog/government-regulations-on-business>
4. D
Horizontal conflict. Horizontal conflict is a type of channel conflict that occurs between channel members at the same level. Because the disagreement in this scenario is between two store (or retail) owners, it is considered horizontal conflict. Vertical conflict is channel conflict that occurs between channel members at different levels within the same channel, such as conflict between producers and wholesalers, producers and retailers, etc. Multiple distribution, or dual distribution, is distributing a product through many different channels, which can create horizontal and vertical conflict at the same time.
SOURCE: CM:001
SOURCE: LAP-CM-001—Chart Your Channels (Channel Management)
5. A
They do not buy goods or services from producers. An agent is an intermediary that assists in the sale and/or promotion of goods and services but does not take title to them. Agents do not buy goods or services from the producer or any of the products they themselves sell. As a result, they never own, or take title to, the products they sell. Agents do not sell goods and services to a producer. Rather, they sell and promote a producer's goods and services to wholesalers, retailers, industrial distributors, and industrial users.
SOURCE: CM:003
SOURCE: LAP-CM-003—Channel It (Channels of Distribution)

6. A

Exclusive. Exclusive distribution means selling a product through just one middleman in a geographic area. Exclusive distribution is common in products and brands that seek a high, prestigious image. BMW, Mercedes-Benz, and Lamborghini are all luxury car brands, and the fact that distributors of these cars are typically limited to one per region makes them an example of exclusive distribution. Intensive distribution means selling a product through every available wholesaler and retailer in a geographic area where consumers might look for it. Selective distribution means selling a product through a limited number of wholesalers and retailers in a geographic area. The term "definitive distribution" is fictitious.

SOURCE: CM:009

SOURCE: Viva Differences. (n.d.). *Intensive vs. exclusive distribution vs. selective distribution: What's the difference?* Retrieved January 20, 2022, from <https://vivadifferences.com/intensive-vs-exclusive-distribution-vs-selective-distribution/>

7. B

It is written when there is a request for a proposal. A business proposal is a formal document created by a company that is shared with a prospect with the goal of locking in a business agreement. The three types of business proposals are formally solicited, informally solicited, and unsolicited. Formally solicited business proposals are made when a business responds to an official request to write a business proposal. With formally solicited business proposals, all of the requirements are known, and you know most or all of the information about the potential buyer—you simply need to write a business proposal for the buyer to review to begin the sales process. An informally solicited business proposal is written when there isn't an official request for a proposal. Rather, it is the result of informal conversations. Unsolicited business proposals take a generic, one-size-fits-all approach to business proposals and are similar to marketing brochures or cold emails. Unsolicited business proposals lack an understanding of the buyer or their requirements.

SOURCE: CO:062

SOURCE: Sheth, A. (2021, November 24). *How to write a business proposal (Examples & templates)*. Retrieved February 1, 2022, from <https://venngage.com/blog/business-proposal/>

8. D

Managers and executives. The responsibility for creating and maintaining a customer service-oriented culture rests most prominently on the organization's managers and executives. It is the organization's leaders who are responsible for creating a customer service-oriented culture and vision and for communicating those things clearly, thoroughly, and repeatedly throughout the organization. Leaders such as managers and executives have the power and influence to create such a culture. Full-time employees are also responsible for maintaining a customer service-oriented culture, but not more so than managers and executives. Employees follow their leaders. Repeat customers and prospective customers are both important factors to a customer service-oriented culture, but they are not responsible for creating and maintaining it.

SOURCE: CR:008

SOURCE: Bacal, R. (2018, September 11). *What is management's role in building a customer service corporate culture?* Retrieved February 1, 2022, from <https://customerservicezone.com/what-is-managements-role-in-building-a-customer-service-corporate-culture/>

9. D

Transferring risk. Certain risks may be reduced or eliminated by transferring (or shifting) those risks to another person or business. Tia is transferring risk by selecting a form of businesses ownership that spreads the risk. By forming a partnership, Tia is sharing the risk with Owen rather than taking it all on by herself. Tia is not avoiding risk, because she is still opening a new business. Tia is not eliminating hazard risks or taking operational risks in this instance.

SOURCE: EC:011

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

10. C

Progressive. Sophie receiving a significant pay raise and, as a result, paying higher taxes is an example of a progressive tax structure. A progressive tax structure has a more significant impact on high-income groups than low-income groups. With progressive tax, the higher the taxable amount, the higher the tax rate. Regressive tax is a tax structure under which individuals with lower incomes pay a higher percentage of their income in taxes compared to higher earners. Proportional tax, also known as flat tax, is a tax structure under which the tax rate does not change in relation to the taxable amount.

SOURCE: EC:072

SOURCE: LAP-EC-072—Pay Your Share (Business Taxes)

11. A

Leads by example. A role model manager is someone who leads by example. One of the responsibilities of a leader is to fulfill the organization's standards and values. A positive role model builds trust among employees, appreciates others' hard work, and shows employees how to do things right. A role model manager would give credit to the team, follow the organization's rules, and remember and learn from mistakes.

SOURCE: EI:111

SOURCE: Kohlbach, J. (2021, September 7). *How to become a positive role model for your employees*. Retrieved February 2, 2022, from <https://www.forbes.com/sites/theyec/2021/09/07/how-to-become-a-positive-role-model-for-your-employees/?sh=73697914346f>

12. D

Formal recognition. Formal recognition is usually planned and well thought out. Examples of formal recognition include school grading systems, sport-related awards, and wages and bonuses for work. Informal recognition is often spontaneous, and examples include a positive comment from a teacher and a pat on the back from a supervisor. Increased morale is a potential result of receiving a bonus. There is not enough information to determine whether this bonus was announced publicly.

SOURCE: EI:014

SOURCE: LAP-EI-141—Gimme Five! (Recognizing/Rewarding Others)

13. A

Understanding them. For project managers, the most important part of managing stakeholder expectations is understanding them. Only when project teams feel they fully comprehend what stakeholders expect can they start to manage those expectations. It would not make sense to compete against stakeholder expectations or delegate them. Stakeholders would be the ones justifying their expectations, not project managers.

SOURCE: EI:113

SOURCE: McHale, B. (2019, September 3). *How to manage expectations during your project?* Retrieved February 3, 2022, from <https://www.projectcentral.com/blog/manage-expectations/>

14. D

It identifies and fills knowledge gaps. One benefit of sharing best practices within an organization is that it helps identify and fill knowledge gaps. Sharing best practices with key individuals and groups also nurtures a learning culture, generates creative ideas, increases efficiency, and creates a supportive community. Sharing best practices does not guarantee better decision-making. It decreases time and costs, and it encourages employees to share information.

SOURCE: EI:115

SOURCE: Memari, E. (2018, May 9). *9 benefits of sharing best practices in an organization*. Retrieved February 2, 2022, from <https://elearningindustry.com/sharing-best-practices-organization-9-benefits>

15. C

Opportunity evaluation. The five stages of the entrepreneurial process include idea generation, opportunity evaluation, planning, company formation/launch, and growth. In the opportunity evaluation stage, one considers whether the opportunity or concept is worth investing in. Planning comes after deciding the opportunity is worth pursuing. Company formation comes after planning, and growth follows after that.

SOURCE: EN:002

SOURCE: Duke University's Fuqua School of Business. (n.d.). *The entrepreneurial process*. Retrieved February 3, 2022, from <https://sites.fuqua.duke.edu/dukeeven/selected-topics/the-entrepreneurial-process/>

16. A

Growing importance of social responsibility. Companies today are embracing authentic, ethical marketing, and they are considering how operations impact their external stakeholders, including local communities. This supports the growing importance of corporate social responsibility, which is a business model that helps companies integrate social and environmental accountability to the company, its stakeholders, and the public. The observation does not directly support more specialized business education, the growth of the gig economy, or the rise of digital nomadism.

SOURCE: EN:003

SOURCE: Eira, A. (2022, January 14). *16 entrepreneurship trends for 2022/2023: New forecasts & a look into what's ahead*. Retrieved February 3, 2022, from <https://financesonline.com/entrepreneurship-trends/>

17. B

Shed light on the optimum timing for a venture to be actualized. A feasibility study is an organized inquiry into the possible success of a business idea or venture. A benefit of conducting a feasibility study is that it can shed light on the optimum timing for a venture to be actualized. Other benefits of conducting a feasibility study are that it can identify the risks and benefits of a proposed venture (but not necessarily decrease them) and prevent the waste of time and resources on unfeasible ideas. If a business is already certain that a venture is feasible—perhaps from a recent study for a comparable project or from a similar business model that is currently operating successfully—the business does not need to spend money on a feasibility study.

SOURCE: EN:038

SOURCE: LAP-EN-038—Explore the Possibilities (Conducting Feasibility Studies)

18. C

Milestone planning. Milestone planning involves identifying the key points of the project and determining how they relate to one another to create a sequence of events to achieve the project's end goal. Each goal or task (commonly referred to as milestones) anticipates what the project is supposed to achieve by a set date. Because the CEO is focused on results and achieving specific goals or tasks during the process of a project, they are using milestone planning. Opportunity management is the process of monitoring all possible leads and development opportunities that can be implemented to improve the possibilities for gain and limit losses. An entrepreneurial strategy matrix identifies the pros and cons of a venture and then determines strategies that are most likely to be effective. A contingency approach refers to the concept that businesses need to tweak leadership styles based on the situation at hand.

SOURCE: EN:008

SOURCE: Team Clarizen. (2021, May 24). *Milestone planning: What, why and how*. Retrieved February 2, 2022, from <https://blog.planview.com/milestone-planning-what-why-and-how/>

19. D

Emotional. Entrepreneurs must anticipate several risks when starting a new venture: financial, career, industry, market, emotional, etc. Emotional risks, such as marital strain and family issues, are based upon the entrepreneur's feelings, values, and personal (rather than professional) topics.

SOURCE: EN:010

SOURCE: Sherman, F. (2019, February 4). *Risks of starting a new business*. Retrieved February 2, 2022, from <https://smallbusiness.chron.com/risks-starting-new-business-4195.html>

20. A

Copyright. Copyright is the legal protection of original works, such as books or music, and intellectual properties granted by the government to give the creator sole rights. A patent is legal protection of an invention or process. A trade secret is undisclosed information within a particular business or industry. A trademark is a symbol, design, or word used to identify a good or service and registered with the government to prevent use by others.

SOURCE: EN:013

SOURCE: U.S. Mission Geneva. (2014, April 24). *Key forms of intellectual property protection*. Retrieved February 2, 2022, from <https://geneva.usmission.gov/2014/04/24/key-forms-of-intellectual-property-protection/>

21. B

Market analysis. A market analysis is a systematic study of the market, which is customers who have an unfulfilled desire and are financially able and willing to satisfy that desire. To best understand a target customer/market, Sakiko should complete a market analysis and include it in her business plan. An executive summary (synopsis of the business plan), company description (explanation of the business, industry, and goals), and competitive analysis (comparison of competitors) are all valuable parts of a business plan, but they won't provide Sakiko with the customer information she is seeking.

SOURCE: EN:014

SOURCE: Dixon, A. (2021, February 8). *Top 10 components of a good business plan*. Retrieved February 2, 2022, from <https://smartasset.com/small-business/top-components-of-a-business-plan>

22. B

Crowdfunding. Crowdfunding is the process of raising funds from a large group of people, usually via the internet. Because they could not fund the new venture themselves, Sorchia and her best friend relied on a large number of people to provide financial resources. Networking involves exchanging information with others for the purpose of professional or business development. A loan is a sum of money lent to a business or individual for a specific time period that is repayable with interest. A trust fund is money set aside, often by a legal entity, for a specific use or purpose, such as estate planning.

SOURCE: EN:015

SOURCE: Smith, T. (2021, May 15). *Crowdfunding*. Retrieved February 2, 2022, from <https://www.investopedia.com/terms/c/crowdfunding.asp>

23. D

It brings new ideas and perspectives to the table. There are many advantages for a business that hires a new full-time employee, including that a new employee brings new ideas and perspectives to the table. This can help a business grow, make better decisions, handle challenges better, and remain competitive. Although hiring a new employee is often good for a business, it does come with some disadvantages. Most notably, it increases the expenses of the business, as it will have to pay the new employee, issue new equipment, provide a comprehensive benefits package, and offer paid time off. In addition, the business will have to spend time training the employee, which could take away from working on other tasks. When a business is in need of an employee, though, these disadvantages are often worth the cost in the long term.

SOURCE: EN:017

SOURCE: Picincu, A. (2020, July 27). *Advantages & disadvantages of hiring an employee*. Retrieved February 2, 2022, from <https://smallbusiness.chron.com/advantages-disadvantages-hiring-employee-18966.html>

24. C

Are made by people. Capital resources are human-made resources that a company uses to make goods and services. Without people, capital resources cannot be generated. Any type of resource that occurs naturally is not considered to be a capital resource. Capital resources are mobile, as they can be moved from one place to another (e.g., machinery). Like most things, capital resources diminish in value over time, whether they are machinery, manufacturing facilities, or buildings. Even intangible capital resources, such as work processes, can become outdated or obsolete over time.

SOURCE: EN:020

SOURCE: Eatough, E. (2021, August 17). *What's at your disposal? Understanding your capital resources*. Retrieved February 2, 2022, from <https://www.betterup.com/blog/capital-resources>

25. A

It helps determine what to buy, how much to buy, and when to buy it. A purchasing system is the process of purchasing products or services that encompasses purchase from requisition through product receipt and payment. Purchasing systems help companies determine what to buy, how much to buy, and when to buy it. In addition, purchasing systems are key to inventory management in that they monitor stock, help reduce supply costs, and reduce human error. Rather than making the purchasing process less efficient, purchasing systems make it more efficient. Purchasing systems can cut a company's administrative costs, not increase them. They also shorten the length of the purchase cycle, not increase it.

SOURCE: EN:025

SOURCE: Hayes, A. (2019, September 2). *Purchasing system*. Retrieved February 2, 2022, from <https://www.investopedia.com/terms/p/purchasing-system.asp>

26. C

Separate duties. One way a business can organize and improve its workflow is by encouraging its employees to separate duties. If a manager makes sure each individual has their own assigned tasks, it eliminates confusion as to who is working on what and prevents multiple employees from working on the same task. Prioritizing multitasking, avoiding breaks, and taking work home are not ways to organize and improve workflow. Employees should avoid multitasking, as working on several tasks at once can force the brain to go into overload from the constant back and forth between projects, which slows down progress and productivity. Taking breaks is important, as it refreshes the mind and will allow employees to have more focus when returning to their tasks. Employees should avoid taking their work home. If an employee knows they will have more time to work on something later, they may not be as productive during the workday. In addition, working from home after working in the office could cause restlessness and can increase exhaustion.

SOURCE: EN:027

SOURCE: Post, J. (2021, August 30). *13 ways to improve your office workflow*. Retrieved February 2, 2022, from <https://www.business.com/articles/5-ways-to-improve-your-office-workflow/>

27. A

Business continuity plan. To protect the company's systems and operations from risks or threats like natural disasters or cyberattacks, IT Solutions, Inc. developed a business continuity plan. Business continuity planning involves identifying any risks to the business, implementing procedures to mitigate risks, testing safeguards, and reviewing the process. A unique selling proposition sets one business apart from its competitors. Benchmarking is the process of measuring how a company's processes stand up against industry best practices. A content management system is software that helps companies create and manage a website.

SOURCE: EN:034

SOURCE: Kenton, W. (2021, September 5). *Business continuity planning (BCP)*. Retrieved February 3, 2022, from <https://www.investopedia.com/terms/b/business-continuity-planning.asp>

28. D

A smooth transition for management and stakeholders. A business exit strategy is an entrepreneur's plan to sell their company or share of a company to investors or another company. If the business is successful, an exit strategy allows the owner to cut their stake or completely leave a business while making a profit. An effective exit strategy from a successful business will create a smooth transition for management and stakeholders. Other benefits of an effective exit strategy are that it protects the value of the business, enhances the future worth and stature of the business, and reduces or defers the potential tax impact on the owner's estate, spouse, or family.

SOURCE: EN:037

SOURCE: Kauffman FastTrac. (2022). *Why all entrepreneurs need an exit strategy (And how to plan yours)*. Retrieved February 1, 2022, from <https://www.fasttrac.org/blog/why-all-entrepreneurs-need-an-exit-strategy-and-how-to-plan-yours/>

29. B

Are employed by an insurance company. Direct writers are insurance agents who are employed by a specific company to issue its insurance policies. Direct writers are tied to one insurance provider, which restricts them to selling certain products and prevents them from shopping around for the best price. Independent agents are insurance agents who are not employed by a specific company; rather, they sell insurance policies from multiple companies and are paid on commission for each policy sold. Because independent agents are not employed by a specific agency, they pay their own expenses. Independent agents work on behalf of the policymaker rather than the insurance company.

SOURCE: FI:082

SOURCE: Liberto, D. (2021, July 29). *Direct writer*. Retrieved January 25, 2022, from <https://www.investopedia.com/terms/d/direct-writer.asp>

30. C

It is based primarily on creditworthiness. An unsecured business line of credit is an agreement with a lender that allows a business to borrow money without the use of collateral, such as business assets or real estate. Unsecured business lines of credit are loaned based on one's creditworthiness and ability to repay. Unsecured lines of credit come with higher interest rates than secured lines of credit because they are riskier for lenders. A secured business line of credit allows a business to borrow money with the use of collateral, and interest rates are lower because there is less risk associated with them.

SOURCE: FI:023

SOURCE: Investopedia. (2021, April 15). *Secured vs. unsecured lines of credit: What's the difference?* Retrieved January 26, 2022, from <https://www.investopedia.com/ask/answers/110614/whats-difference-between-secured-line-credit-and-unsecured-line-credit.asp>

31. A

Consistent cash flow. Of the available options, consistent cash flow is the most important factor in business financing. A business that has consistent cash flow has a high ability to repay, which lenders look upon favorably. High profitability, low employee turnover, and competent management are good factors for a business to display and won't hurt a business's case for gain financing. However, none of those factors are more important to lenders than consistent cash flow and ability to repay.

SOURCE: FI:043

SOURCE: Pirraglia, W. (n.d.). *Factors in business financing*. Retrieved January 26, 2022, from <https://smallbusiness.chron.com/factors-business-financing-4122.html>

32. D

Financial covenant. A financial covenant is a promise made by a business that specifies certain activities that the business will or won't carry out. A common example of a financial covenant involves a business agreeing to maintain a specified financial ratio, such as the interest coverage ratio, as a condition of a loan. A financial restriction is the repayment of the mandatory value of damages, injuries, or losses within a certain period upon a violation of policy. A subordination agreement is a legal document that prioritizes debts by ranking one behind another for the collection of repayment from the debtor. Subordination agreements are particularly important in the event of the debtor declaring bankruptcy. A personal guarantee is an individual's legal promise to repay credit issued to a business in which they serve as a partner or executive.

SOURCE: FI:041

SOURCE: Corporate Finance Institute. (n.d.). *Financial covenants*. Retrieved January 26, 2022, from <https://corporatefinanceinstitute.com/resources/knowledge/finance/financial-covenants/>

33. D

Character, capacity, capital, collateral, and conditions. The five C's of credit is a system used by lending institutions to evaluate the creditworthiness of potential borrowers. The five most common C's of credit are character, capacity, capital, collateral, and conditions. The system attempts to estimate the chance of the loan recipient not being able to repay the loan and the risk of financial loss for the lender by weighing five characteristics of the borrower. Character refers to the applicant's credit history, while capacity is the applicant's debt-to-income ratio and ability to repay. Capital is simply the amount of money the applicant has, and collateral is an asset that can act as security or back the loan. Conditions refer to the purpose of the loan, as well as the prevailing interest rates and the amount involved. The words calculation, cash, and currency are not commonly used as C's of credit.

SOURCE: FI:034

SOURCE: Segal, T. (2021, September 20). *5 C's of credit*. Retrieved January 27, 2022, from <https://www.investopedia.com/terms/f/five-c-credit.asp>

34. A

Press release. A press release is written information provided to the media to obtain publicity. A news conference is a meeting to which a business or group invites members of the media in order to make an announcement, often about major developments. Newsletters are messages, often sent periodically, that provide information of interest to particular groups. Philanthropy involves voluntarily generous actions.

SOURCE: PR:250

SOURCE: Downey, L. (2020, October 13). *Press release*. Retrieved January 31, 2022, from <https://www.investopedia.com/terms/p/pressrelease.asp>

35. C

The shorter it is, the better. Managers prefer a shorter payback period to recover the business's initial investment into a certain project or idea. The payback period is not necessarily difficult to estimate, and it should be included in every cost-benefit analysis. A longer payback period does not necessarily indicate an easier project.

SOURCE: FI:357

SOURCE: LAP-FI-357—Running the Numbers (Cost-Benefit Analysis)

36. B

Sensitivity analysis. One useful budgeting tool is sensitivity analysis. It's a method of measuring how much a change in one variable will affect another variable. Managers can use it to help predict what might happen to a budget under various scenarios. Break-even analysis is the process of determining the level at which revenues equal total costs. Cash flow analysis is the process of determining the amount of cash a business has to work with at any given time. Competitive analysis is the process of comparing a business's income statement with that of its competitors to see how it is doing by industry standards.

SOURCE: FI:099

SOURCE: LAP-FI-099—Build Your Game Plan (Developing a Company/Department Budget)

37. D

Ratio analysis. Ratio analysis is a quantitative method that compares line-item data from a company's financial statements to show insights surrounding liquidity, solvency, profitability, and operational efficiency. It calculates statistical relationships through the use of ratio metrics, such as P/E ratios and earnings per share. Vertical analysis looks at the vertical effects line items have on other parts of the business as well as the business's proportions. The use of vertical analysis makes it easier to understand the relationship between single items on a balance sheet and the bottom line, which is typically expressed as a percentage. Horizontal analysis reviews a company's financial statements by comparing historical data to detect growth trends across different time periods. Trend analysis, which is another common name for horizontal analysis, tries to predict stock price movements based on trend data.

SOURCE: FI:334

SOURCE: Kenton, W. (2021, December 2). *Financial statement analysis*. Retrieved January 14, 2022, from <https://www.investopedia.com/terms/f/financial-statement-analysis.asp>

38. A

Creating training programs. A human resources department helps a business reach its goals by creating training programs. HR departments are typically responsible for creating and implementing training and development programs to improve the quality of work within a company. HR professionals assess training needs, create manuals or modules for training purposes, and make sure that training objectives have been met. Overseeing production and operations are responsibilities of managers. Diagnosing technology issues is a responsibility of IT professionals. Marketing the business on social media is a responsibility of the marketing team.

SOURCE: HR:508

SOURCE: Scott, S. (n.d.). *Role of HR in achieving business goals*. Retrieved February 1, 2022, from <https://smallbusiness.chron.com/role-hr-achieving-business-goals-1767.html>

39. C

Office building and supplies. Capital resources are assets that are man-made and used in the production of other items. Examples of capital resources a company may have are supplies, equipment, tools, and even the building or facility where production takes place. Company managers and employees are examples of human resources—human employees that use a business's equipment, tools, supplies, etc., to help the business reach its goals by producing goods and services and working toward completing a project. Natural gas and oil are examples of natural resources, which occur in nature and can be used to produce goods and services. Government money and taxes are examples of fiscal resources.

SOURCE: HR:508

SOURCE: Bean-Mellinger, B. (2018, October 26). *What are the differences in capital resource, human resource & natural resource?* Retrieved February 1, 2022, from <https://smallbusiness.chron.com/differences-capital-resource-human-resource-natural-resource-60792.html>

40. B

Where do you see yourself in five years? Of the options, the only legal question an interviewer can ask a job applicant is "Where do you see yourself in five years?" This is a common interview question that tells the interviewer about the applicant's goals and aspirations. Asking an applicant how many children they have, when they graduated from high school, or their marital/relationship status should be avoided. To protect job applicants from discrimination, interviewers are not allowed to ask about several topics, including age, medical information, gender, religion, marital or family status, and citizenship. If an applicant voluntarily shares some of this information, it is best for the interviewer to not respond to it, follow up on it, or include it in their notes.

SOURCE: HR:355

SOURCE: Heathfield, S.M. (2020, June 10). *Illegal interview questions and what you need to know...* Retrieved February 1, 2022, from <https://www.thebalancecareers.com/job-interview-questions-that-are-illegal-1918488>

41. C

The evaluations should focus on the employees' behaviors and results, not traits. When conducting an employee evaluation, it is important to evaluate the employee's behaviors and results rather than their traits. Personal traits (such as leadership, motivation, and attitude) are subjective and difficult to evaluate fairly. Instead, focus on behaviors and results, both of which can be directly observed and can be applied to each employee. Employee evaluations can be conducted for either development or compensation. However, discussions about employee development and compensation should be held separately. The evaluator should be a supervisor or manager who the employee interacts with regularly or on a daily basis. This person is in the best position to accurately assess the employee's performance. Evaluation meetings or performance discussions should be conducted on a regular basis and on a schedule that is well-known to both parties.

SOURCE: HR:368

SOURCE: Gallagher, B.J. (2020, January 7). *The dos and don'ts of performance reviews*. Retrieved February 1, 2022, from <https://www.amanet.org/articles/the-dos-and-donts-of-performance-reviews/>

42. C

Who the company's current and potential customers are. A company's sales team generates a great deal of useful data for marketers, as salespeople keep records which can show marketers things such as who the company's current and potential customers are, what current and potential customers want, and data about completed sales. Updates on current trends in the marketing industry would not come from a sales team, but from the news, online publications, blogs, or trade journals. Data about what products competitors are currently offering comes from observing what competitors are doing. The cost of goods, services, and raw materials are data that come from a vendor or distributor.

SOURCE: IM:012

SOURCE: LAP-IM-012—Data Do It (Need for Marketing Data)

43. A

May not directly apply to the problem at hand. Secondary data are facts and figures that have been collected for purposes other than the project at hand. Because data from secondary research may not directly apply to the problem at hand, researchers must conduct primary research (gathering facts and figures specifically for the problem or project at hand) to obtain data that specifically apply to the research project. Secondary data can be accessed quickly, are relatively inexpensive, and sometimes eliminate the need for additional research. Primary data are more up to date and relevant than secondary data.

SOURCE: IM:010

SOURCE: LAP-IM-010—Seek and Find (Marketing Research)

44. A

Business competition. An environmental (or external) factor is something from outside a business that influences its buying behavior. Business competition is one of most important environmental factors, as successful businesses keep a close eye on what competitors are doing. For example, if a competing business comes out with a new product, your company will likely counter with a similar product, which could result in your business purchasing different types or amounts of materials. Other environmental factors include the economy, politics, and technological advances. Business size, structure, and procedures are considered to be organizational (internal) factors. An organizational factor is something within a company itself that influences its buying behavior.

SOURCE: MK:014

SOURCE: LAP-MK-014—Cause and Effect (Buying Behavior)

45. D

Which brands should be used. The product element of the marketing mix focuses on the goods, services, or ideas a business will offer its customers. When developing the product element, marketers should consider which brands should be used, what level of quality should be produced or provided, and how the product should be packaged, among other things. How to raise a product's value is something that marketers would consider when developing the price element of the marketing mix. How much of the product to order is something marketers would consider in the place element. When messages should be delivered would be considered part of the promotion element.

SOURCE: MP:001

SOURCE: LAP-MP-001—Pick the Mix (Nature of Marketing Strategies)

46. C

Loyalty response. Behavioral segmentation is the division of a market on the basis of customers' responses to a product. Using behavioral segmentation, marketers can study traits of loyal customers to determine what they have in common and attract other customers who have similar traits. Alyssa is an example of a loyal customer, as she only buys her purses from one particular brand. Behavioral segmentation using rate of use classifies customers as heavy, moderate, light, or nonusers of a product. Marketers studying the occasion response of customers—when they purchase a product, especially for birthdays, holidays, weddings, graduation, etc.—can predict what special events result in demand for products. Customers can also be classified based on the benefits they desire from a product, which can help marketers provide the durability and quality demanded by the public.

SOURCE: MP:003

SOURCE: LAP-MP-003—Have We Met? (Market Identification)

47. A

S-O. S-O strategies focus on opportunities that are a good match with the business's strengths. Michael is taking advantage of an opportunity (a competitor's restaurant closing) by utilizing one of his strengths (a great reputation). S-T strategies focus on using a business's strengths to overcome its threats. W-O strategies focus on overcoming a business's weaknesses so the business can pursue opportunities. W-T strategies focus on ensuring that a business's weaknesses don't make it even more vulnerable to the threats it already faces.

SOURCE: MP:010

SOURCE: LAP-MP-010—Analyze This! (SWOT Analysis)

48. C

Reduced variability. A top-down approach to forecasting involves starting the sales forecast process by preparing an overall forecast for the entire company. A benefit of the top-down approach is that there is reduced variability because it avoids common statistical outliers and offers companies a broader picture of potential revenue. As a result, this approach can help companies identify sales patterns, create more accurate models for strategizing and allocating resources, and even spark investor interest. A more realistic financial view, more employee involvement, and better item-level forecasting are each considered to be benefits of the bottom-up approach to forecasting, not the top-down approach. A bottom-up approach starts the sales forecast process by gathering individual forecasts that may be combined, or built up, into a forecast for the entire company.

SOURCE: MP:014

SOURCE: Maguire, A. (2020, January 13). *Top-down vs. bottom-up: Which financial forecasting model works for you?* Retrieved January 24, 2022, from <https://quickbooks.intuit.com/r/growing-a-business/top-down-vs-bottom-up-which-financial-forecasting-model-works-for-you/>

49. D

Conducting marketing research. When developing a marketing strategy, one of the first things you should do is conduct market research. Collecting and organizing data about the market that is buying your products/services will help you and your team see patterns, better understand customers, define your target market, see what the competition is doing, etc. A promotion strategy and a budget are determined after conducting market research. Creating an evaluation process is one of the final steps of the process.

SOURCE: MP:018

SOURCE: Fleischner, M. (2021, August 11). *Marketing plan: 10 components you should include in your marketing plan*. Retrieved January 24, 2022, from <https://www.zenbusiness.com/blog/components-of-a-marketing-plan/>

50. D

It leads to better customer service. Customer profiling is the process of identifying a business's most likely or ideal customer through the use of demographic, psychographic, attitudinal, and behavioral information. If a business implements an effective customer profiling system, it leads to better customer service. By documenting customers' characteristics, a company will be able to predict issues before they come up, offer useful self-help resources, and better align with customer needs if they reach out to the business's service team. Instead of increasing the price of a campaign, it will lower it. The more specific the customer, the less money a business will spend. Rather than making the customer base broader, customer profiling focuses on identifying the specific buyers that'll actually buy a product, which is more valuable than targeting everyone. Customer profiling reduces a company's churn rate (a company's loss in customers for a given period of time) because it focuses on reaching customers that will actually use a business's product in both the short term and long term.

SOURCE: MP:031

SOURCE: Matsen, J. (2021, October 19). *8 easy steps to creating a customer profile*. Retrieved January 24, 2022, from <https://blog.hubspot.com/service/customer-profiling>

51. B

Personnel. Because the company is preparing for the termination of an employee, it will need to access its personnel records—documents containing information about an employee. Personnel files include information regarding hiring, evaluations, promotions, reprimands, and terminations. Personnel records are essential to documenting the actions a business has taken regarding an employee, which is useful information when discussing reasons for a promotion or termination. Although legal records (documents containing information relating to or concerned with the law) may be required in some termination cases, they would not necessarily be needed in this situation. Financial records contain information related to the amount of money going into and out of a business. Asset records are documents about something of value that a business owns.

SOURCE: NF:001

SOURCE: LAP-NF-001—Record It (Business Records)

52. D

Changing laws and regulations. Environmental scanning is the process of collecting information about the environment surrounding your business. Changing laws and regulations is a political factor that might be identified as part of an environmental scan. Decreasing interest rates and increasing tax rates are both economic trends that may be identified as part of an environmental scan. Changing family roles is a society and culture trend.

SOURCE: NF:015

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

53. A

Less lost time and lower costs. In addition to creating a safer workplace, there are many impacts that result from a business adopting workplace safety policies and procedures. A safer workplace means fewer employee injuries, which leads to less lost time and lower costs. More employee injuries mean more lost time, higher costs, and costly worker compensation payments and plans. By implementing effective workplace safety policies and procedures and improving employee safety, you reduce the cost of worker compensation payments/plans. Adopting workplace safety policies and procedures is a necessary step in limiting liability, not maximizing it. Creating workplace safety policies and procedures limits your liability by showing that you are making the workplace as safe as possible. These policies and procedures will help improve operational efficiency and productivity by limiting lost time to injuries.

SOURCE: OP:012

SOURCE: PowerDMS. (2021, September 10). *How to develop workplace safety policies and procedures*. Retrieved January 27, 2022, from <https://www.powerdms.com/policy-learning-center/how-to-develop-workplace-safety-policies-and-procedures>

54. C

Phishing attack. A phishing attack is an online identity theft scam that fools its victims into believing they are submitting sensitive, personal information (such as credit card numbers or bank passwords) to a legitimate website or a trusted contact. Because the email Monica received is trying to lead her to provide credit or debit card information for a service that the company never ordered, this is an example of a phishing attack. A malware attack is a cyberattack where hackers use a malicious code (usually from a website or a spam email) to gain access to networks, to steal or destroy data, or to infect a device with viruses. Ransomware encrypts company data to prevent the data from being used or accessed, and then it holds the data hostage until the company pays a ransom to unlock the data. An insider threat is a risk to a company that is caused by the harmful actions of employees, former employees, business contractors, or business associates who have inside information about a company's critical data. Insider threats are often the results of greed, spite, ignorance, or carelessness.

SOURCE: OP:154

SOURCE: Witts, J. (2022, January 20). *The top 5 biggest cyber security threats that small businesses face and how to stop them*. Retrieved January 27, 2022, from <https://expertinsights.com/insights/the-top-5-biggest-cyber-security-threats-that-small-businesses-face-and-how-to-stop-them/>

55. A

Setting up a surveillance and monitoring system. One way to protect the safety and security of staff members is by setting up a surveillance and monitoring system. A surveillance and monitoring system will allow a company to keep track of everyone who enters or exits the facility and what time they do so. It also allows a company to monitor restricted areas. Allowing employees access to every area, securing the facility from the inside out, and providing employees with multiple key cards are not ways to properly maintain physical security in a work environment. Instead of allowing employees access to every area, keep rooms with important equipment or information locked to everyone but those who need access to them. Secure the facility from the outside in, not the inside out. It is important that staff members feel safe inside the facility and to prevent dangerous individuals from entering the building. Rather than providing employees with multiple key cards, provide each employee with one. The more key cards they have, the more likely they are going to misplace or lose them.

SOURCE: OP:157

SOURCE: Todd, S. (n.d.). *Complete guide to improving physical security in your workplace*. Retrieved January 28, 2022, from <https://opensourcedworkplace.com/news/complete-guide-to-improving-physical-security-in-your-workplace>

56. B

Check sheet. A check sheet is a form for collecting data on the spot and is often used to measure product defects by type, cause, location, etc. A check sheet can be used to track the number of times a certain incident happens in a day, week, month, or even year. A flow chart is used to analyze a sequence of events and uncover the relationships within it. Flow charts can be used to determine where breakdowns are in the work process. A fishbone diagram, also known as a cause-and-effect diagram, is a chart used to identify many potential causes of a problem and to sort them into useful categories. A scatter diagram is a graphical representation of two variables that is used to show the relationship between the variables and to determine possible causes and effects.

SOURCE: OP:020

SOURCE: Lotich, P. (2019, May 8). *7 management tools for quality control*. Retrieved January 27, 2022, from <https://thethrivingsmallbusiness.com/seven-management-tools-for-quality-control/>

57. C

Sales commissions. Variable expenses are operating costs that fluctuate with changes in production, sales volume, or productivity. A sales commission (an amount a salesperson earns per sale, either a percentage or a flat rate) is an example of a variable expense. The more sales a salesperson makes, the more money they will earn. Rent/Mortgage and employee benefits are both examples of fixed expenses—operating costs that do not increase or decrease with changes in production, sales volume, or productivity. An hourly employee working overtime is an example of a semi-variable cost, also commonly referred to as a semi-fixed cost or mixed cost. Semi-variable costs are expenses that are fixed until the company reaches a certain level of production, then they become variable.

SOURCE: OP:024

SOURCE: LAP-OP-024—Watch Your (Over) Head (Overhead/Operating Costs)

58. D

Negotiating for lower rates and prices. A common way in which businesses can reduce their costs is by negotiating for lower rates and prices. This includes asking landlords or vendors for lower rates, talking with multiple suppliers and comparing them with one another, and building mutually beneficial relationships with suppliers. If suppliers view your business as a profitable venture, they are more likely to lower their prices. Sharing office space and hiring interns are also ways a business can reduce their costs. Ordering more materials than needed is not a way to reduce costs. Over-ordering materials can lead to more waste, increased operational expenses, and smaller profits.

SOURCE: OP:029

SOURCE: Novick, S. (2021, December 16). *31 ways to reduce business costs*. Retrieved January 27, 2022, from <https://www.fundingcircle.com/us/resources/reduce-business-costs/>

59. D

Planning, sourcing, manufacturing, delivery and logistics, returning. Supply chain management (SCM) is the career area in which employees supervise the flow of goods and services as well as all processes that transform raw materials into final products, and getting those products into the marketplace. The planning element of SCM involves creating a strategy that meets customer demand, industry standards, and company goals. The sourcing element includes choosing suppliers for goods and services, ordering and receiving raw materials, and managing inventory. The manufacturing element is focused on the development of products, productivity, and efficiency. The delivery and logistics element deals with coordinating customer orders, deliveries, invoicing customers, and receiving payments, among other tasks. The returning element deals with the return of defective or unwanted products.

SOURCE: OP:303

SOURCE: Fernando, J. (2022, January 22). *Supply chain management (SCM)*. Retrieved January 25, 2022, from <https://www.investopedia.com/terms/s/scm.asp>

60. C

Place. Supply chain management (SCM) is the career area in which employees supervise the flow of goods and services as well as all processes that transform raw materials into final products, and getting those products into the marketplace. Place is the marketing mix element that deals with SCM because SCM involves the process of taking goods and services from their raw beginnings to customers. The place element of the marketing mix focuses on getting a product in the right place at the right time. The product element of the marketing mix focuses on what goods, services, or ideas a business will offer its customers. The price element deals with the amount of money marketers will ask in exchange for their products. The promotion element refers to the various types of communications that marketers use to inform, persuade, or remind customers of their products.

SOURCE: OP:303

SOURCE: Fernando, J. (2022, January 22). *Supply chain management (SCM)*. Retrieved January 25, 2022, from <https://www.investopedia.com/terms/s/scm.asp>

61. D

SWOT. SWOT (Strengths, Weaknesses, Opportunities, and Threats) is a business analysis technique that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. This technique can help in determining the proper allocation of resources. MOST (Mission, Objectives, Strategies, Tactics) allows business analysts to conduct an in-depth internal analysis of a business to analyze its goals and how it aims to achieve them. PESTLE (Political, Economic, Sociological, Technological, Legal, and Environmental) helps business analysts evaluate several external factors that may impact a company and determine how to address them. MoSCoW (Must or Should, Could or Would) is a process that allows for prioritization of requirements by presenting a framework where all individual requirements can be elevated relative to the others.

SOURCE: OP:327

SOURCE: Martin, M. (2021, December 11). *What is business analysis? Process & techniques*. Retrieved January 24, 2022, from <https://www.guru99.com/business-analysis-process-techniques.html>

62. B

It intentionally ignores past and future events. Process thinking involves focusing on the steps it takes to complete a task, as it seeks to achieve efficiency by setting standard operation procedures in place. With process thinking, the focus is on the specific tasks in front of you rather than the overall bigger picture. This empowers people to take small actions now, which can move them closer to larger goals not yet on the horizon. Because the focus is on the present, process thinking intentionally ignores past and future events, which is considered to be one of the disadvantages of process thinking. Three pros of process thinking are that it helps solve complex challenges, increases profitability and efficiency, and improves quality and customer loyalty.

SOURCE: OP:474

SOURCE: Drew, C. (2021, November 13). *What is process thinking? (Examples, pros, and cons)*. Retrieved January 24, 2022, from <https://helpfulprofessor.com/process-thinking/>

63. C

Increased structure and more consistency. Business process design is the act of creating a brand-new workflow or process. Its ultimate goal is improvement through a series of repeatable steps that work toward achieving a goal. Results of a company incorporating a business process design include increased structure, more consistency, higher efficiency, improved problem-solving, and more professionalism. Decreased risk management, more redundancies, and increased inefficiencies are not intended results of business process design. Business process design improves risk management and compliance, and it leads to fewer redundancies and inefficiencies.

SOURCE: OP:475

SOURCE: Guthrie, G. (2021, February 5). *What is business process design?* Retrieved January 24, 2022, from <https://cacoo.com/blog/business-process-design/>

64. B

Can result in a large number of layoffs. Business process redesign (BPR) is a complete overhaul of a company's key business processes and procedures. The goal of BPR is to improve overall efficiency, which is often done by reducing costs and expenses, improving quality, and sharpening management. Because reducing costs is a key component of BPR, it can lead to a large number of layoffs or the elimination of certain aspects of a business. BPR often aims to eliminate unproductive departments of a business operation, but it can reach into every department or division, depending on the scale of the redesign. BPR is implemented to improve overall efficiency and leads to massive changes.

SOURCE: OP:476

SOURCE: Hayes, A. (2021, August 19). *Business process redesign (BPR)*. Retrieved January 25, 2022, from <https://www.investopedia.com/terms/b/business-process-redesign.asp>

65. A

Less waste. A supply chain is the process of making and selling a product or service through the use of a network of individuals, companies, resources, technologies, and activities. When done efficiently, supply chains can have a positive impact on customers, a business's profitability and cash flow, and business operations. A specific impact that an efficient supply chain has on business operations is that it leads to less waste. Other impacts on business operations include less confusion, less duplication, and improved efficiencies, among others. Higher profits and lower costs are impacts an efficient supply chain has on a business's profitability. Lower prices are an impact an efficient supply chain can have on customers, as are better customer experience, faster delivery times, etc. Higher costs are not a desired impact of an efficient supply chain for customers, a business's profitability, or business operations.

SOURCE: OP:477

SOURCE: Counsel of Supply Chain Management Professionals. (2020). *The importance of supply chain management*. Retrieved January 25, 2022, from https://cscmp.org/CSCMP/Develop/Starting_Your_Career/Importance_of_Supply_Chain_Management.aspx

66. C

Conducting an audit on company data. For a business to be successful in today's day and age, it must protect its data and digital assets. Conducting a digital audit will show a company the amount of data it has and where the data are stored, allowing the company to better protect them. Companies allowing employees to use their own devices may be common, but it provides a security risk. Providing employees with company devices will allow the company to ensure the machines have the necessary security measures; it also instills more responsibility on the employees. Companies should store sensitive information in the cloud, as it is the safest place to do so. Repeating passwords across multiple sites is not recommended, as a single breach could leave a great deal of data vulnerable. Instead, companies should leverage password managers to help create complex passwords.

SOURCE: OP:472

SOURCE: Forbes Expert Panel. (2021, November 23). *16 essential protocols every company should consider to protect digital assets*. Retrieved January 25, 2022, from <https://www.forbes.com/sites/forbestechcouncil/2021/11/23/16-essential-protocols-every-company-should-consider-to-protect-digital-assets/?sh=1c5793127df8>

67. D

Procrastination. Procrastination is putting off until tomorrow what could be done today. Everyone procrastinates at one point or another, but the result is usually lower-quality work, errors, and stress. Effective time management, however, makes it easier to avoid procrastination overall. Orientation involves job preparation or induction training. Discrimination is unfair treatment of a person or a group based on the person's or group's characteristics. Innovation is the creation or discovery of something new.

SOURCE: PD:019

SOURCE: LAP-PD-001—About Time (Time Management)

68. A

Transparency. Transparency means being open and truthful when communicating. Corporate governance (the system by which directors handle their responsibility toward shareholders) that is built upon transparency is open and honest, with well-built stakeholder trust and accountable leadership. Empathy is the ability to relate to the feelings, thoughts, and experiences of other people. Fairness is the ability to make judgments and act without favoritism or self-interest. Viability is the long-term value of your choices and actions.

SOURCE: PD:213

SOURCE: Price, N.J. (2018, October 10). *The principles of good corporate governance*. Retrieved January 20, 2022, from <https://www.diligent.com/insights/corporate-governance/the-principles-of-good-corporate-governance/>

69. D

Fiduciary. A fiduciary duty is the commitment to act in the best interests of another person or organization (even when those interests are at odds with your own). Board members have a fiduciary responsibility to the organization, so they must always act for its benefit. An actuary is a person who assesses risk. Ad hoc means short-term or created for a particular or temporary reason. Fair market typically refers to fair market value and means a company's worth according to the marketplace.

SOURCE: PD:214

SOURCE: Price, N.J. (2018, January 12). *The roles and responsibilities of a board of directors*. Retrieved January 20, 2022, from <https://www.diligent.com/insights/board-of-directors/the-roles-and-responsibilities-of-a-board-of-directors/>

70. D

Segregation of duties. Segregation of duties, or segregation of control, is an internal control mechanism that divides responsibilities between board members so that no one person has excessive power, authority, or responsibility. Union contracts and regulatory guidelines (as well as compliance laws) are examples of external control mechanisms impacting an organization's governance.

SOURCE: PD:214

SOURCE: Davoren, J. (2017, November 21). *Three types of corporate governance mechanisms*. Retrieved January 20, 2022, from <https://smallbusiness.chron.com/three-types-corporate-governance-mechanisms-66711.html>

71. B

Businesses practicing ERM typically have a dedicated team. Enterprise risk management (ERM) is a top-down business activity that involves planning, controlling, preventing, and procedures used by management to limit company losses. This approach considers risk management from the perspective of the entire, comprehensive organization rather than by distinct business units. Businesses practicing ERM typically have a chief risk officer (CRO) and a dedicated ERM team. ERM as a concept has been around for decades and is used by many industries, including energy, public health, aviation, construction, and more.

SOURCE: RM:062

SOURCE: Hayes, A. (2021, June 2). *Enterprise risk management (ERM)*. Retrieved February 1, 2022, from <https://www.investopedia.com/terms/e/enterprise-risk-management.asp>

72. B

Stakeholder. Corporate governance and governance structures are influenced by the expectations of stakeholders, which can include investors, customers, the government, etc. While company leadership is often aware of and receptive to employee and legal expectations, those expectations do not typically impact corporate governance directly. Digital expectations is a fictitious term unrelated to corporate governance.

SOURCE: PD:302

SOURCE: Chen, J. (2021, July 4). *Corporate governance*. Retrieved January 31, 2022, from <https://www.investopedia.com/terms/c/corporategovernance.asp>

73. C

Place. Place decisions involve shipping, handling, and storing products and determining when and where they will be available. In this scenario, the business selected a transportation type that fit their low-cost product and budget. Promotion involves various types of communications that marketers use. Product decisions involves determining what goods, services, or ideas to produce or sell. Property is not part of the marketing mix.

SOURCE: PI:001

SOURCE: LAP-PI-001—The Price Is Right (Nature of Pricing)

74. C

An industry leader will usually determine prices. An oligopoly is a market structure in which there are relatively few sellers, and industry leaders usually determine prices. Prices are fairly stable in an oligopolistic market because not too many new firms can afford to enter the market, and other firms usually follow the industry leader's prices. Many businesses buy and sell nearly identical products in a pure competition market, and they do so for about the same price to many buyers. There is a range of prices rather than one market price and many buyers and sellers in a monopolistic competitive market, which sells similar products that have only a few differences. There is only one seller or provider of a product in a pure monopoly, which is a condition in which a market is controlled by one supplier, and there are no substitute goods or services readily available.

SOURCE: PI:002

SOURCE: LAP-PI-003—Make Cents (Factors Affecting Selling Price)

75. C

To reach a different target market. Alteration is a product-mix strategy in which a business makes changes to its products or product lines. Reaching a different target market is one of many reasons why a business may choose to implement an alteration product-mix strategy. Removing a product that isn't profitable is a reason why a business would use contraction, which is a strategy in which a business removes, or deletes, product items or product lines from its product mix. Reaching the right customers is a reason why a business would use positioning—a strategy that a business may use to create a certain image or impression of a product in the minds of consumers. Offering customers complementary products is a reason a business may use expansion—a strategy in which a business expands its product mix by adding additional product items or product lines.

SOURCE: PM:003

SOURCE: LAP-PM-003—Mix and Match (The Nature of the Product Mix)

76. A

Teach employees how to perform other jobs in addition to their own. Cross training, or teaching employees to perform other jobs in addition to their own, can help establish great internal service. Employees are less likely to get bored with their jobs, which results in happier, more productive employees. Smart managers hire friendly people and then teach them how to do their jobs rather than hire experienced people and then teach them how to be friendly. It's a mistake for managers to become so focused on satisfying external customers that they forget to look at their employees. Managers need to give up a little control to empower employees. This means letting them make some decisions without getting approval.

SOURCE: PM:013

SOURCE: LAP-PM-913—Customer Service Supersized (The Role of Customer Service in Positioning/Image)

77. C

It probably can't be fulfilled. A unique selling proposition (USP) that claims a product will help customers find a spouse within a week is probably unlikely to be fulfilled. And, a USP that can't be fulfilled is worse than having no USP at all! This USP is easy to communicate, creates desire and urgency, and is specific—but it's still not workable.

SOURCE: PM:272

SOURCE: LAP-PM-272—Stand Out (Unique Selling Proposition)

78. B

Ambassador. Employees are your business's brand ambassadors. They must effectively communicate the company's values, vision, and personality to everyone they have contact with, and your brand needs to be evident in everything that your employees do. Brand cues are simple reminders of the brand's identity and values throughout the workplace. Employees can help facilitate brand cues, but they themselves are not brand cues. The brand champion is the person in a business who is responsible for making the brand come alive and for sustaining it, usually the business owner, president, or CEO. The brand image is the customers' impressions of a company's brand.

SOURCE: PM:126

SOURCE: LAP-PM-126—Build Your Corporate Brand... Before Someone Builds It for You (The How-To's of Corporate Branding)

79. C

Appropriate. The way that the promotional message is communicated should be appropriate for the product, image, or idea. Some forms of communication are better suited for use with certain products and their markets than others. Effective promotional communication should also be factual, repetitive, and coordinated, but not simply because some forms are better suited than others.

SOURCE: PR:001

SOURCE: LAP-PR-901—Razzle Dazzle (Nature of Promotion)

80. B

Time. TV and radio are the two broadcast media. They are considered "time" media, as opposed to "space" media, because their advertisements last only as long as they are on the air. Print media include newspapers and magazines. Social media are forms of electronic communications through which users build communities, network, share information, etc.

SOURCE: PR:007

SOURCE: LAP-PR-007—Ad-quipping Your Business (Types of Advertising Media)

81. A

Exceeding expectations. Word-of-mouth marketing is promotion and publicity for a business provided by customers who tell others of their satisfaction with the business. Businesses are most likely to trigger word-of-mouth marketing by exceeding customer expectations. Raising prices might cause customers to be dissatisfied with their experiences. Hiring new staff is unlikely to directly impact the customer experience. Word-of-mouth marketing is impacted by the customer, rather than investor, experience with a business.

SOURCE: PR:247

SOURCE: Hayes, A. (2021, March 29). *Word-of-mouth marketing (WOM marketing)*. Retrieved January 31, 2022, from <https://www.investopedia.com/terms/w/word-of-mouth-marketing.asp>

82. A

Direct. Direct marketing includes forms of advertising that seek a specific, measurable action from a targeted group of consumers, using direct mail, telemarketing, emails, etc., and that are sent directly to a consumer's home or business. Relationship marketing is a strategy in which businesses spend time with current and prospective clients outside the office setting to enhance the partnership. Digital marketing involves the use of the internet, social media, smartphones, and other technology to promote products and attract customers. Print marketing includes forms of printed media, such as magazines, brochures, and postcards.

SOURCE: PR:089

SOURCE: Kenton, W. (2020, October 20). *Direct marketing*. Retrieved January 31, 2022, from <https://www.investopedia.com/terms/d/direct-marketing.asp>

83. C

Customers are approached. The key difference between push and pull marketing is the way in which customers are approached. A business using push marketing will take steps to maximize visibility and place the product or service directly in front of the customer. A business using pull marketing will use tactics such as word-of-mouth referrals or advertised sales promotions to increase demand and draw customers in. Push and pull marketing do not necessarily impact pricing, performance documentation, or appealing to investors.

SOURCE: PR:249

SOURCE: Robertson, T. (2019, March 1). *Difference between push & pull marketing*. Retrieved January 31, 2022, from <https://smallbusiness.chron.com/difference-between-push-pull-marketing-31806.html>

84. C

Angel investors. Equity financing is the process of selling shares to raise capital. Investors that buy the shares hope to share in the future profits of a business or project. A common type of equity financing are angel investors (wealthy individuals who invest a significant portion in exchange for a large ownership percentage). Other common types of equity financing are venture capitalists and equity crowdfunding. Traditional loans, business credit cards, and lines of credit are common types of debt financing. Debt financing is when a borrower accepts funds from an outside source with the promise of repayment plus interest.

SOURCE: FI:340

SOURCE: Kuligowski, K. (2021, October 22). *The difference between debt and equity financing*. Retrieved January 20, 2022, from <https://www.businessnewsdaily.com/6363-debt-vs-equity-financing.html>

85. B

Image. Public relations is a function of business designed to establish and maintain positive relationships between the business and the public, which often includes crafting and improving a company's image, especially when dealing with controversial public issues. Public relations employees do not typically work with a company's products, financial documents, or hiring practices.

SOURCE: PR:252

SOURCE: Hayes, A. (2021, October 25). *Public relations (PR)*. Retrieved January 31, 2022, from <https://www.investopedia.com/terms/p/public-relations-pr.asp>

86. A

Mission statement. The executive summary is the most important part of a company's business plan because it gives an overview of the entire document. It is used to determine whether it is worthwhile to read any further. A mission statement should be included in the executive summary. Other elements of an executive summary include the purpose of the business plan, the goods/services the business provides, and a summary of future plans. A cover page should include the name of the business's owner or CEO. The product(s) offered section should include the price of the goods/services the business offers. The management plan section should include the names of key employees.

SOURCE: SM:013

SOURCE: LAP-SM-013—Plan for Success (Creating a Business Plan)

87. D

Reliable. A reliable product is one that performs as it is supposed to. The longer the amount of time between breakdowns, the more reliable a product is considered to be. A serviceable product is one that can be maintained or repaired. The easier it is to do so, the more serviceable the product is considered to be. A durable product is one that performs its purpose for a long period of time. The longer the period of time before the product fails, the more durable the product is considered to be. Responsiveness involves the level of promptness and willingness with which a service is provided.

SOURCE: QM:001

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

88. B

Strategic. Strategic risks are possible events and situations that can affect the execution of an organization's long-term plan. However, not all strategic risks are inherently bad, and many of them are related to a company's objectives (e.g., a bank takes a risk when offering a loan). To protect itself against strategic risks, an organization might diversify its projects and maintain a healthy cash flow. Physical risks (such as a fire or explosion), human risks (such as embezzlement), and technological risks (such as a power outage) are not inherent to business objectives and often require more action than diversification of projects and maintenance of a healthy cash flow.

SOURCE: RM:056

SOURCE: Davis, M. (2021, May 9). *Identifying and managing business risks*. Retrieved February 1, 2022, from <https://www.investopedia.com/articles/financial-theory/09/risk-management-business.asp>

89. D

Worthwhile. Risk assessment is a process that involves looking at the likelihood and impact of risk and then determining whether the related project, investment, or endeavor is worthwhile. A business is sometimes willing to retain a risk for the potential of making a profit, so it must determine whether the return on investment (ROI) is worth the risk. Companies should know whether an endeavor is expensive, legal, or unique (never been done before), but they don't necessarily use a risk assessment to determine those characteristics.

SOURCE: RM:059

SOURCE: Kenton, W. (2020, May 27). *Risk assessment*. Retrieved February 1, 2022, from <https://www.investopedia.com/terms/r/risk-assessment.asp>

90. C

Enterprise. Enterprise risk management is a top-down business activity that involves planning, controlling, preventing, and procedures used by management to limit company losses. This approach considers risk management from the perspective of the entire, comprehensive organization rather than by distinct business units, which is characteristic of traditional risk management. Ad hoc and medium risk management are fictitious terms.

SOURCE: RM:062

SOURCE: Hayes, A. (2021, June 2). *Enterprise risk management (ERM)*. Retrieved February 1, 2022, from <https://www.investopedia.com/terms/e/enterprise-risk-management.asp>

91. C

Bylaws. Bylaws are governing laws that guide an organization. Bylaws typically include topics like board of directors responsibilities, terms of office, when and how stakeholder meetings are held, and more. An annual report is a document outlining the financial status of a business. Rule of law is the legal and philosophical principle that explains that laws, rather than individuals or governments, should govern society because the law exists to serve, represent the interests of, and protect the rights of all people, rather than just those in power. Marketing materials are varied and do not typically include topics concerning company boards of directors or stakeholder meetings.

SOURCE: PD:302

SOURCE: Murray, J. (2020, June 30). *What are bylaws? Definition & examples of bylaws*. Retrieved January 31, 2022, from <https://www.thebalancesmb.com/what-are-bylaws-for-a-corporation-398148>

92. B

A person sells fruits and vegetables at a roadside stand. A person selling fruits and vegetables at a roadside stand is an example of a product being sold to a consumer for ultimate consumption. The person who buys the fruit and/or vegetables is the ultimate consumer. A car dealership selling a truck to a landscaping company is an example of a product being sold for use in general business operations. A department store buying clothes to sell to its customers and a candy store selling candy bars to a concession stand are examples of products being sold to an organization for resale.

SOURCE: SE:017

SOURCE: LAP-SE-017—Sell Away (The Nature and Scope of Selling)

93. C

It lays the groundwork for all other management functions. The management function of planning involves deciding what work will be done and how it will be accomplished. Planning is important because it lays the groundwork for all of the other management functions. Organizing, staffing, directing, and controlling decisions are based on the plans the business has established. Organizing is the management function that involves setting up the way a business's work will be done. Directing is the management function that entails providing guidance to workers and work projects to achieve goals. Controlling involves monitoring the work effort in order to make sure the company is performing effectively and achieving its goals. Planning sets the goals, while controlling checks to make sure the goals are being met.

SOURCE: SM:001

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

94. B

Communication and organizational structure. Two internal factors that can influence management decisions are communication and organizational structure. Internal factors are forces that exist within the company itself that influence decisions and operations. Other examples of internal factors are leadership, corporate objectives, human resources, and financing. Political factors, economic environment, environmental change, and market factors are all external factors. External factors are forces operating in the business environment that are outside of an individual business's control.

SOURCE: SM:028

SOURCE: Gleeson, P. (2019, February 5). *Purpose of organizational structure*. Retrieved January 31, 2022, from <https://smallbusiness.chron.com/purpose-organizational-structure-3812.html>

95. D

It focuses on the present. A mission statement is a meaningful phrase or summary about the purpose and values of a company. A successful mission statement focuses on the present, rather than being a statement about future events. A mission statement should say who you are today and convey that message clearly. A successful mission statement answers what, how, and why, not when. Focusing on what your company does, how it does it, and why it does it tells the reader the purpose of your company. As a business evolves and changes over time, so should a mission statement. A successful mission statement is tweaked to ensure that it always parallels the direction of the company. A successful mission statement is certainly memorable, but it should not be elaborate. Instead, it should be brief and concise—typically one or two sentences. The points should be made quickly and clearly.

SOURCE: SM:009

SOURCE: Berger, D. (2021, December 19). *How to write an effective mission statement*. Retrieved January 31, 2022, from <https://www.caycon.com/blog/how-to-write-a-mission-statement>

96. B

Press conference. A press conference is a meeting to which a business or group invites members of the media in order to make an announcement, often about major developments. This public relations activity is interactive, as conference attendees are able to ask questions of the presenter. A newsletter, press kit, and podcast are examples of one-way public relations activities because they are not interactive.

SOURCE: PR:252

SOURCE: Chen, J. (2021, March 26). *Press conference*. Retrieved January 31, 2022, from <https://www.investopedia.com/terms/p/press-conference.asp>

97. B

It increases morale among workers. Organizational change management is planned organization-wide changes or alterations to a major component of the company to increase individual and organizational effectiveness. An effective organizational change can increase morale among workers and improve employees' motivation while also driving positive teamwork and job enrichment. Change at the organizational level affects all employees, not some. Organizational change is typically felt at a deeper level and for a longer period of time, not a short period of time. By improving morale among workers, effective organizational change improves the quality of work while shortening production cycles and, thus, reducing costs.

SOURCE: SM:094

SOURCE: Michigan State University. (2022, January 12). *Organizational change management*.

Retrieved January 28, 2022, from

<https://www.michiganstateuniversityonline.com/resources/leadership/organizational-change-management/>

98. B

Plan efficient communication strategies. Change management is the process of implementing change at any level of a company where it is needed. A way in which effective change management benefits an individual is that it helps plan efficient communication strategies. Other benefits it has on the individual level are increased employee acceptance of change and improved morale, productivity, quality of work, cooperation, and collaboration. Benefits of change management on the organizational level are that it helps align existing resources within the company, contain costs associated with change, and anticipate challenges and respond efficiently.

SOURCE: SM:095

SOURCE: Connelly, M. (n.d.). *Benefits of change management*. Retrieved January 28, 2022, from<https://www.change-management-coach.com/benefits-of-change-management.html>

99. A

Prepare the organization for change. If a manager is focused on helping their staff recognize the need for change and raising awareness of various challenges facing the organization, they are displaying the first step of the change management process—prepare the organization for change. During this stage the organization has to prepare the organization for change both logistically and culturally and must gain buy-in from employees who will help implement the change. Crafting a vision and planning for change is the second step, which entails developing a plan for change that includes the goals and scope of the project. Implementing the process is the third step, followed by embedding the changes within the company culture. The latter step focuses on making the implemented changes from step three the status quo, which makes it more difficult to fall back into the old way of doing things. The final step, review progress and analyze results, centers around whether the project was a success, a failure, or a mixed result.

SOURCE: SM:095

SOURCE: Miller, K. (2020, March 19). *5 critical steps in the change management process*. Retrieved January 28, 2022, from <https://online.hbs.edu/blog/post/change-management-process>

100. D

Mitigation. The installation of fire sprinklers, fire extinguishers, fire safety exit signs, and smoke alarms throughout the building is an example of mitigation. Mitigation is a risk response strategy that involves reducing or controlling the impact of a risk if it occurs. Another common example of mitigation is wearing a seatbelt while driving or riding in a car. Avoidance is a risk response strategy that involves choosing not to do something that is considered risky. Transference involves moving the impact of a risk to someone or something else. Acceptance (also known as risk retention or assumption) involves accepting a risk's consequences because the potential payoff is higher than the losses. A business that accepts a risk might consider it a cost of doing business.

SOURCE: SM:075

SOURCE: LAP-SM-075—Prepare for the Worst; Expect the Best (Nature of Risk Management)