



Competency-Based  
Competitive Events  
\*Written Exam\*  
for State/Province Use

Test Number 1294  
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. Andrew noticed that his sister was having a problem tying her shoes due to severe arthritis in her hands, so he created a device that helps make the task easier for her to perform. Now, Andrew is talking with a manufacturer who is interested in producing and selling the device on a large scale. How does Andrew's entrepreneurial discovery impact society?
  - A. It improves the target market's quality of life.
  - B. It encourages reliance on others.
  - C. It solves Andrew's financial problems.
  - D. It creates an unmet need.
2. What does it mean to obtain sponsorship within the organization during the change management process?
  - A. Securing the approval and involvement of senior executives
  - B. Obtaining funding for the change from an external sponsor
  - C. Earning the support of other companies in the industry
  - D. Gaining acceptance of the change from company stockholders
3. What is an external market factor that might affect the accuracy of sales forecasts?
  - A. Operating policies
  - B. Economic changes
  - C. Price revisions
  - D. Previous records
4. Which of the following is an example of a demographic trend:
  - A. Shifting political climates
  - B. Rising interest rates
  - C. The aging of the population
  - D. A concern for fitness and health
5. Specialty advertising is being used by firms when they
  - A. sell premiums to potential customers.
  - B. display the firm's name in lights.
  - C. hire specialists to do the firm's advertising.
  - D. give away useful products to customers.
6. What is a communications channel used in sales promotion?
  - A. Discount coupons
  - B. Television commercials
  - C. Newspaper ads
  - D. Package labels
7. The first step of assessing risk is to
  - A. identify hazards.
  - B. confirm that hazards have been eliminated.
  - C. monitor controls.
  - D. determine the likelihood of harm.

8. Which of the following is an example of an extensive decision:
- A. Printing a document on yellow paper
  - B. Wearing a blue suit to a meeting
  - C. Hiring a new department manager
  - D. Booking an airline flight for a business trip
9. Company B's management has determined that it must downsize. Three people in the customer service department will lose their jobs. Which of the following records can management use to help them determine which employees to keep:
- A. Production records
  - B. R&D records
  - C. Human resources records
  - D. Inventory records
10. A business has determined that its customers prefer one of its products versus another product that it offers. As a result, the business decides to divert more resources to the product that is selling better. A change in \_\_\_\_\_ led to this business's decision.
- A. customer preferences
  - B. industry trends
  - C. competition
  - D. government regulations
11. What type of software do many businesses require be installed on computer systems as a security feature?
- A. Firewall
  - B. Media
  - C. Reality
  - D. Spider
12. Which of the following does a business use to evaluate its channel members' performance levels:
- A. Incentives
  - B. Standards
  - C. Collateral
  - D. Predictions
13. Which of the following is a benefit of sharing best practices within an organization:
- A. It guarantees better decision-making.
  - B. It encourages employees to keep information to themselves.
  - C. It increases time and costs.
  - D. It identifies and fills knowledge gaps.
14. When a supervisor notifies employees that their performance is below standards and their jobs are in jeopardy, the supervisor should
- A. give verbal notification only.
  - B. post the notice on the bulletin board.
  - C. put the notice in writing.
  - D. email the employees.

15. Bryan wants to start his own business, but his partner isn't happy about the family time Bryan will miss while dealing with his new venture. This is an example of a(n) \_\_\_\_\_ risk that entrepreneurs face.
- A. technology
  - B. reputational
  - C. financial
  - D. emotional
16. The business owner carried insurance on the building, office equipment, and inventory. This is an example of what type of operating cost?
- A. Interest expense
  - B. Legal expense
  - C. Fixed expense
  - D. Variable expense
17. Business process thinking is beneficial for project management because documented processes
- A. result in less efficient projects.
  - B. guarantee the project's success.
  - C. cannot be standardized or refined.
  - D. can be analyzed and repeated.
18. When economic conditions are good, individuals and businesses increase their spending, which \_\_\_\_\_ demand and \_\_\_\_\_ prices.
- A. decreases; decreases
  - B. decreases; increases
  - C. increases; decreases
  - D. increases; increases
19. A new business that purchases insurance for its fleet of delivery trucks is handling risk by \_\_\_\_\_ it.
- A. retaining
  - B. avoiding
  - C. controlling
  - D. transferring
20. Which of the following terms best describes an ethical manager who makes decisions about employees by considering only their performance:
- A. Inferior
  - B. Prejudiced
  - C. Cooperative
  - D. Fair
21. On her way home from work, Cara stops at a produce stand and buys a bag of fresh tomatoes from a local farmer. In this situation, Cara is the \_\_\_\_\_ and the farmer is the \_\_\_\_\_.
- A. intermediary; ultimate consumer
  - B. ultimate consumer; producer
  - C. producer; intermediary
  - D. ultimate consumer; retailer

22. Every six months, a company holds a meeting for all shareholders and explains how the company has been performing financially. Which component of a well-governed company is this an example of?
- A. Viability
  - B. Accountability
  - C. Fairness
  - D. Transparency
23. How does brand promise affect employees?
- A. It gives them a common goal.
  - B. It creates their job descriptions.
  - C. It increases their bonuses.
  - D. It creates additional pressure on their jobs.
24. One way a business can organize and improve its workflow is by encouraging its employees to
- A. separate duties.
  - B. avoid taking breaks.
  - C. take their work home.
  - D. prioritize multitasking.
25. Internal audits are used by \_\_\_\_\_, while external audits are used by \_\_\_\_\_.
- A. creditors; management
  - B. stakeholders; employees
  - C. management; stakeholders
  - D. employees; competitors
26. When negotiating a service or maintenance contract, how many suppliers should a business consider?
- A. Only the largest supplier
  - B. At least two
  - C. All that are available
  - D. No more than two
27. Which of the following statements would be appropriate to say after successfully selling your idea to an audience:
- A. "You won't regret this decision—I am confident my idea will help our organization."
  - B. "Thank you so much for allowing me to present my idea. Let's hope it works!"
  - C. "I'm not sure if it will work, but I'm so glad you decided to say yes to my idea!"
  - D. "My idea probably won't make a difference, but it's worth a shot, right?"
28. What type of tort involves using false statements to damage a person's reputation and good name?
- A. Nuisance
  - B. Defamation
  - C. Misrepresentation
  - D. Civil law

29. To protect a company's website and social media accounts from being hacked, the company should make sure that employees with authorized access
- A. change passwords frequently.
  - B. use the same password.
  - C. cannot post digital content.
  - D. sign a user agreement.
30. Before building your company's unique selling proposition (USP), ask yourself if
- A. you already have one without realizing it.
  - B. you can afford the advertising costs.
  - C. you really need one to be successful.
  - D. there are any successful ones you can copy.
31. Why are news releases considered one of the most effective public relations tools?
- A. News sources only report factual information.
  - B. People are willing to pay for quality news.
  - C. People consider news sources more trustworthy.
  - D. News sources have a broader reach than social media.
32. Which of the following is an important advantage for the corporate form of business ownership:
- A. Ability to raise large amounts of capital
  - B. Ease of making major policy changes
  - C. Ease of starting and dissolving
  - D. Relatively little government regulation
33. You have a hard time persuading your coworkers because they don't see you as honest or dependable. You need to develop
- A. credibility.
  - B. a sense of humor.
  - C. ambition.
  - D. punctuality.
34. Entrepreneurs contribute to our society by
- A. making friends with employees.
  - B. donating to charities.
  - C. creating new jobs.
  - D. running for political office.
35. A business identifying the customers in one geographic area who have the same needs is an example of selecting a(n)
- A. mass audience.
  - B. target market.
  - C. economic resource.
  - D. qualified lead.

36. A business has a variable interest rate loan, and the rate increases far more than the business expected. This is one of the \_\_\_\_\_ of obtaining credit.
- A. fees
  - B. risks
  - C. limits
  - D. penalties
37. Which of the following is a reason for conducting feasibility studies for venture ideas:
- A. To guarantee the success of the venture idea
  - B. To investigate competitors' financial conditions
  - C. To identify new business opportunities through the investigation process
  - D. To select the form of business ownership
38. Calculate the amount a business can budget to spend on new equipment if it estimates sales of \$850,000, expenses of \$415,000, and designates 20% of profit for equipment purchases.
- A. \$85,500
  - B. \$87,000
  - C. \$86,750
  - D. \$88,250
39. Which of the following is the best example of an interactive public relations activity:
- A. Newsletter
  - B. Press release
  - C. Website
  - D. Press conference
40. Mara is facilitating a group brainstorming session to generate new product ideas for the company. Which of the following attitudes is important for Mara to demonstrate?
- A. Judgmental
  - B. Authoritarian
  - C. Neutral
  - D. Passive
41. When tracking the performance of a business plan, businesses usually analyze the effectiveness of
- A. operating strategies.
  - B. staffing requirements.
  - C. ownership structures.
  - D. management objectives.
42. What kind of product utility is most likely to result from production activities?
- A. Possession
  - B. Time
  - C. Place
  - D. Form

43. Kaitlynn recently opened a new dance studio and has decided to apply to her local bank for a loan to begin a new advertising campaign. Kaitlynn's decision describes which of the following business functions:
- A. Risk management
  - B. Accounting
  - C. Promotion
  - D. Financing
44. Why do many businesses encourage team building?
- A. To obtain feedback
  - B. To understand diversity
  - C. To develop training
  - D. To improve performance
45. Keeping the end goal in mind refers to which standard of excellence that achievement-oriented people set?
- A. Results
  - B. Improvement
  - C. Competition
  - D. Trying something new
46. Performance standards should be
- A. subjective.
  - B. informally discussed.
  - C. extremely challenging.
  - D. measurable.
47. Calculating total revenue and marginal revenue is one way for businesses to determine
- A. cause and effect.
  - B. supply and demand.
  - C. assets and liabilities.
  - D. output and profit.
48. The last step in handling employee grievances should be to \_\_\_\_\_ the problem.
- A. consider
  - B. follow up on
  - C. analyze
  - D. identify
49. Which of the following could be considered a consumer market:
- A. Retailers
  - B. Industries
  - C. Wholesalers
  - D. Individuals



50. Which of the following is characteristic of a proactive business:
- A. Reacting to changes made by competitors
  - B. Taking action to create marketing opportunities
  - C. Watching for any changes in the external environment
  - D. Using a creative promotional mix
51. Which of the following is a common type of equity financing:
- A. Business credit cards
  - B. Lines of credit
  - C. Angel investors
  - D. Traditional loans
52. A complicated, labor-intensive manufacturing process is limited by the number of hours that an employee can work without becoming fatigued. This is an example of how \_\_\_\_\_ factors influence process design.
- A. environmental
  - B. regulatory
  - C. technology
  - D. human
53. The costs of promoting products are often
- A. very inexpensive, especially for new products.
  - B. paid for entirely by one channel member.
  - C. shared by channel members.
  - D. avoidable in certain channels.
54. Which of the following forms of direct mail is most likely to save money for a business:
- A. Billboards
  - B. Sales packets
  - C. Color catalogs
  - D. Self-mailers
55. Which of the following is an example of corporate responsibility:
- A. A company uses recycled materials in its products.
  - B. A company pays its taxes on time.
  - C. A company expands its facilities.
  - D. A company provides professional development for employees.
56. Why is it important for businesses to obtain marketing information about economic conditions, political systems, and technological changes throughout the world?
- A. To understand geography
  - B. To remain competitive
  - C. To eliminate trade quotas
  - D. To import products

57. Which of the following budget information indicates that a business needs to make changes in order to control operations:
- A. Operating expenses are 5% less than budgeted.
  - B. Investment income is the same as last year.
  - C. Accounts receivable are 15% less than budgeted.
  - D. Credit card sales are 25% of total business.
58. A candy shop decides to source most of its candy from one supplier to decrease shipping and transportation costs. How can this supply chain decision negatively impact the shop?
- A. It reduces the amount of advertising that is needed.
  - B. It reduces the number of suppliers that need to be managed.
  - C. It exposes the shop to the risk of product unavailability.
  - D. It increases the cost of the shop's candy products.
59. The Lyle Group is incorporating an enterprise risk management (ERM) plan to better manage its risk this year. The Lyle Group should include its finalized ERM plan in its \_\_\_\_\_ to make the information available to all stakeholders.
- A. annual report
  - B. quarterly projections
  - C. balance sheet
  - D. annual budget
60. What element of the marketing mix most directly deals with supply chain management?
- A. Price
  - B. Promotion
  - C. Place
  - D. Product
61. A business process change will likely be required if a company
- A. goes out of business.
  - B. merges with another company.
  - C. plans a meeting for Friday.
  - D. has a profitable quarter.
62. Which of the following are generally protected by copyrights:
- A. New ideas
  - B. Movies, music, and books
  - C. New processes
  - D. Words affiliated with a product
63. What is a possible downside of obtaining investment from venture capitalists?
- A. The slow rate of growth
  - B. The increased chance of failure
  - C. Repaying the money
  - D. Sharing company ownership

64. Which of the following is a true statement about the steps in the marketing-research process:
- A. The business can leave out some of the steps in marketing research in certain situations.
  - B. The order of the steps in marketing research can be changed to suit the business.
  - C. The steps in marketing research must follow a certain order, and none can be eliminated.
  - D. The amount of data being gathered affects the steps in the marketing-research process.
65. What type of planning involves setting short-term goals for a new business venture?
- A. Systematic
  - B. Environmental
  - C. Strategic
  - D. Tactical
66. Why do interviewers usually focus on asking questions that are related to a job applicant's performance?
- A. To plan future training
  - B. To determine qualifications
  - C. To take remedial action
  - D. To understand complaints
67. Tom, a musician, is sending copies of his latest album to several social media influencers. He hopes that at least a few of them will mention his album in their posts. Tom is most likely using \_\_\_\_\_ marketing to promote his work.
- A. word-of-mouth
  - B. business-to-business
  - C. mass
  - D. ambush
68. One way to gain more negotiating power when leasing a business space is to
- A. focus on a short-term lease.
  - B. settle on a rate of rent increase.
  - C. share the office space with another business.
  - D. choose a market that has plenty of space available.
69. Well-executed corporate governance ensures that an organization is managed in a way that is
- A. detrimental for competitors.
  - B. beneficial for all stakeholders.
  - C. most helpful for company leaders.
  - D. irrelevant to the public eye.
70. Sally wants to incorporate her company and contracts a law firm to handle the legal aspects of the process. This is an example of
- A. outsourcing.
  - B. staffing.
  - C. designating.
  - D. exporting.

71. Matteo has decided to support his friend's new startup by contributing financially while the startup is still in its early stages. This type of financing is often called
- A. impact investing.
  - B. crowdfunding.
  - C. seed funding.
  - D. bridge financing.
72. A business is planning to hire a part-time employee for a newly created position. In order to select the best applicant to fill the position, the business must first
- A. determine the duties of the job.
  - B. prepare an online advertisement.
  - C. choose selection devices.
  - D. contact local recruitment sources.
73. Which of the following is the primary stakeholder influencing corporate governance:
- A. Company shareholders
  - B. Organizational employees
  - C. The board of directors
  - D. High-level company executives
74. When the YRQ Company pays its entry-level employees the lowest amount of money per hour that the government allows, it is complying with
- A. worker-compensation rulings.
  - B. minimum-wage laws.
  - C. equal-credit policies.
  - D. labor-union regulations.
75. Which of the following is an example of price in the financial services industry:
- A. Credit to an account
  - B. Balance on a loan
  - C. Interest on a loan
  - D. Debit to an account
76. One of the purposes of promotion is to \_\_\_\_\_ customers about the existence of a company or a product.
- A. warn
  - B. caution
  - C. reassure
  - D. remind
77. When a manufacturer changes a product's package to give the product a new, more attractive, or updated look, the product-mix strategy being utilized is called
- A. trading-up.
  - B. alteration.
  - C. positioning.
  - D. expansion.

78. Which of the following is a true statement regarding the relationship between risk and business objectives:
- A. Risks help businesses determine objectives.
  - B. The more objectives a business has, the less risk it faces.
  - C. Objectives should never be modified because of risk.
  - D. Effective business objectives are not risky.
79. The information in an action plan describes an organization's
- A. vision and mission.
  - B. strategies for reaching its business goals.
  - C. business concept.
  - D. strategies for handling emergencies.
80. When deciding whether to accept credit cards, businesses need to consider the discount rate because the rate is a(n)
- A. receivable.
  - B. estimate.
  - C. expense.
  - D. contract.
81. Carlos is thinking through the requirements he needs for his new business. Looking at his business plan, he sees that he needs to consider administrative startup costs. Which of the following would fall in that category:
- A. Business permits
  - B. Internet access
  - C. Marketing materials
  - D. Employee benefits
82. Which of the following factors works together in private enterprise to determine prices:
- A. Profit motives
  - B. Supply and demand
  - C. Goods and services
  - D. Economic resources
83. Before a good can be sold, the buyers and sellers first have to agree on a(n)
- A. promotion decision.
  - B. market share.
  - C. exchange price.
  - D. pricing objective.
84. Lilian is starting a new business, and she needs a marketing director. Lilian's friend Tanisha recommends her husband, Diego, who has worked in marketing for over a decade. What was Lilian's recruiting source?
- A. Digital networking
  - B. Referral
  - C. Recruiting agency
  - D. Job board

85. Which of the following is the primary tool that businesses use to determine the optimal selling price of a product:
- A. Break-even analysis
  - B. Economic forecast
  - C. Productivity report
  - D. Capital budget
86. Selling goods and services to consumers through the use of middlemen is known as \_\_\_\_\_ selling.
- A. direct
  - B. indirect
  - C. suggestion
  - D. substitute
87. What financial tool do entrepreneurs use to plan, monitor, and manage their ventures' income and expenses?
- A. Environmental scan
  - B. Inbound-call report
  - C. Request for proposal
  - D. Operating budget
88. Nicole considers stealing because she doesn't think anyone will catch her. Nicole is facing an ethical dilemma because of
- A. a lack of consequences.
  - B. a bad role model.
  - C. the desire to prove herself.
  - D. pressure from others.
89. In its marketing plan, ROKE Cruise Lines states that it wants to increase its market share for 25- to 40-year-old professional women by six percent in the next eight months. ROKE's marketing objective is related to
- A. changes in market delivery.
  - B. promotion.
  - C. its target market.
  - D. product.
90. What type of car insurance is a legal requirement for car drivers in most states/provinces?
- A. Liability
  - B. Personal injury protection
  - C. Full coverage
  - D. Collision
91. To determine how research data relate to the questions that have been raised, the researcher must \_\_\_\_\_ the situation.
- A. survey
  - B. observe
  - C. experiment with
  - D. analyze

92. Gary works for a computer software company. He always keeps up on the technological advances in his industry, and he also makes sure he knows what products his competitors are developing. When Gary gathers this external information, he is participating in
- A. information collecting.
  - B. competition assessment.
  - C. threat appraisal.
  - D. environmental scanning.
93. One reason why it is important to accurately forecast sales for a marketing plan is because the forecast is the basis of other
- A. operational activities.
  - B. business reports.
  - C. management techniques.
  - D. pricing strategies.
94. One of the purposes of developing a business plan before starting a new business is to
- A. identify a maintenance system.
  - B. organize the operation.
  - C. understand the risks involved.
  - D. create a safe work environment.
95. When evaluating the customer experience, it is usually more effective for businesses to ask customers
- A. to write reports.
  - B. about competitors.
  - C. specific questions.
  - D. for referrals.
96. Wellston Industries wants to compare a current business situation with a target situation. Which of the following tools will help Wellston obtain the information that it wants:
- A. Mind map
  - B. Critical path
  - C. Decision tree
  - D. Gap analysis
97. When the founder of Reece Engineering Firm stepped down, the business lost several key clients and started to see its profits decline. Reece Engineering Firm could have benefitted from
- A. continuation planning.
  - B. risk-taking.
  - C. feasibility studies.
  - D. idea generation.
98. An important step in the process of developing a marketing plan involves selecting the
- A. distribution agent.
  - B. sales force.
  - C. target market.
  - D. research strategy.

99. When evaluating the quality of its product, one factor that a business considers is the feedback that it receives from the product's users. This factor indicates
- A. the efficiency of the production process.
  - B. employee performance ratings.
  - C. customer satisfaction levels.
  - D. the product's durability.
100. Important factors that a business considers when making decisions about its product mix include the product lines' width, length, and
- A. capacity.
  - B. adaptability.
  - C. originality.
  - D. consistency.





**KEY**

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## 1. A

It improves the target market's quality of life. Entrepreneurial discovery is the process of detecting and matching product and market opportunities with one another in a manner that satisfies both the market and the business. During the entrepreneurial-discovery process, Andrew identified a problem that affected his sister's life. Then, he took steps to develop a product to help her perform a task that is challenging for many people who have arthritis—it improves her quality of life. The device increases self-reliance because his sister does not need help tying her shoes. By producing the device on a large scale, the device has the potential to improve others' quality of life, as well. The device satisfies an unmet need rather than creating it. There is not enough information provided to determine if Andrew has financial problems.

SOURCE: EN:001 Explain the need for entrepreneurial discovery

SOURCE: Trenchard, R. (2015, November 16). *What impact do entrepreneurs have on society?* Retrieved October 2, 2023, from <https://www.virgin.com/about-virgin/latest/what-impact-do-entrepreneurs-have-society>

## 2. A

Securing the approval and involvement of senior executives. One of the most important steps in the change management process is obtaining sponsorship from senior executives within the organization. When company managers “sponsor” a change, they not only accept and approve of the change, they actively participate in bringing about the change. Sponsorship is critical for successful change management. Sponsorship in change management does not mean obtaining funding from an external sponsor, gaining acceptance from stockholders, or earning the support of other companies.

SOURCE: SM:095 Explain the nature of change management

SOURCE: Prosci. (n.d.). *Best practices in change management*. Retrieved October 3, 2023, from <https://www.prosci.com/resources/articles/change-management-best-practices>

## 3. B

Economic changes. External market factors that make accurate sales forecasting difficult include economic changes that can't be predicted. In many cases, economic changes happen so quickly that forecasters can't be prepared for them. For example, the stock market can suddenly drop, and sales will fall because consumers reduce their spending until they see whether the market will recover. Previous records, operating policies, and price revisions are internal factors that might affect the accuracy of sales forecasts.

SOURCE: FI:096 Forecast sales

SOURCE: Salesforce. (n.d.). *The complete guide to building a sales forecast*. Retrieved October 2, 2023, from <https://www.salesforce.com/resources/articles/building-a-sales-forecast-guide/>

## 4. C

The aging of the population. The aging of the population is a demographic trend since it refers to demographic data (age). Shifting political climates is a governmental or political trend. Rising interest rates is an economic trend. A concern for fitness and health is a social/cultural attitude.

SOURCE: NF:015 Conduct an environmental scan to obtain business information

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

## 5. D

Give away useful products to customers. Companies using specialty advertising typically place company and product information on useful items, such as calendars and key rings, and then distribute these items to current and potential customers. Specialists who prepare advertisements are advertising agencies. The firm's name in lights on a building is out-of-home advertising. Premiums are given, not sold, to customers.

SOURCE: PR:007 Explain types of advertising media

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

6. A

Discount coupons. Sales promotion involves promotional activities other than advertising, personal selling, and publicity that stimulate customer purchases. Couponing is a sales promotion activity. Discount coupons are printed certificates that entitle the holder to a reduced purchase price. Coupons are a communication channel used in sales promotion because they are a means of providing information to others. Package labels, newspaper ads, and television commercials are not communications channels used in sales promotion.

SOURCE: PR:249 Identify communications channels used in sales promotion

SOURCE: Epstein, L. (2022, December 17). *Advantages and disadvantages of using coupons for your business*. Retrieved October 3, 2023, from <https://www.investopedia.com/articles/personal-finance/051815/pros-cons-using-coupons-your-business.asp>

7. A

Identify hazards. The first step of assessing risk is to identify any potential hazards that could affect your organization. Hazards have the potential to cause harm, and risk is the likelihood of that harm being realized. Confirming that hazards have been eliminated, monitoring controls, and determining the likelihood of harm are steps that follow the identification of hazards.

SOURCE: RM:094 Assess business risks

SOURCE: Canadian Centre for Occupational Health and Safety. (2023, June 13). *Hazard and risk*. Retrieved October 3, 2023, from [https://www.ccohs.ca/oshanswers/hsprograms/hazard/risk\\_assessment.html](https://www.ccohs.ca/oshanswers/hsprograms/hazard/risk_assessment.html)

8. C

Hiring a new department manager. An extensive decision is a type of decision that requires a lot of consideration. Hiring a department manager is an extensive decision because the decision maker(s) must evaluate each applicant's skills in relation to the standards and expectations for the position. Often, this requires a lot of input from others, including other department managers and executive-staff members. Printing a document on yellow paper and wearing a blue suit to a meeting are routine decisions. Booking an airline flight for a business trip is an example of a limited decision because the individual has a few alternatives (flights) from which to choose.

SOURCE: PD:017 Make decisions

SOURCE: LAP-PD-017—Weigh Your Options (Decision-Making)

9. C

Human resources records. A company's human resources records include employee attendance as well as notes (positive or negative) about each employee's performance. Production records would not be helpful in evaluating customer service employees because those employees do not work in the part of the company that produces the products. R&D records are not helpful because customer service employees do not work in research and development. Inventory records track the products in the warehouse, which is not the responsibility of the customer service department.

SOURCE: NF:014 Monitor internal records for business information

SOURCE: Management Study Guide. (n.d.). *Personnel records*. Retrieved October 2, 2023, from <https://www.managementstudyguide.com/personnel-records.htm>

10. A

Customer preferences. When customers show a pronounced interest in one product over another, businesses would be wise to react to that preference by manufacturing more of the preferred product and diverting more resources to that product. There's no indication that competition or government regulations impacted the business's decision. Also, the business is only examining customer preference for two of its own products, rather than identifying an industry-wide phenomenon.

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

SOURCE: Decision Innovation. (n.d.). *Managing change and innovation—Getting the most from the innovation funnel*. Retrieved October 3, 2023, from <https://www.decision-making-solutions.com/managing-change-and-innovation.html>

11. A

Firewall. Firewall software is intended to prevent unauthorized access to a computer network. Many businesses require firewall software to be installed on their computer systems because their systems are networked, and hackers could destroy or steal valuable data. Firewall software is a security feature that helps protect a business's computer network. Businesses do not install reality, spider, or media software as a security feature.

SOURCE: NF:012 Determine venture's information technology needs

SOURCE: Cisco. (n.d.). *What is a firewall?* Retrieved October 2, 2023, from <https://www.cisco.com/c/en/us/products/security/firewalls/what-is-a-firewall.html>

12. B

Standards. Standards are specifications or statements that are used as a basis for comparing or judging goods and services. Businesses establish standards as a way to measure and evaluate their channel members' performance levels. If a channel member is performing below the standard a business has set, the business may work with the channel member to improve its performance or decide to terminate the relationship. Collateral is anything of value belonging to the borrower that is pledged to a lender to guarantee that a loan will be repaid. Predictions are estimations or forecasts. Incentives are things that will fulfill certain desires. A business does not use collateral, predictions, or incentives to evaluate how its channel members are currently performing.

SOURCE: CM:011 Evaluate channel members

SOURCE: Lucas, K. (n.d.). *Performance evaluation standards*. Retrieved October 3, 2023, from <https://smallbusiness.chron.com/performance-evaluation-standards-80718.html>

13. 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 Share best practices with key individuals and groups

SOURCE: Memari, E. (2018, May 9). *9 benefits of sharing best practices in an organization*. Retrieved October 2, 2023, from <https://elearningindustry.com/sharing-best-practices-organization-9-benefits>

14. C

Put the notice in writing. Putting the notice in writing provides documentation that the employee has been given notice if termination becomes necessary. The written notice serves as a warning and gives employees an opportunity to improve. Email notification would not provide a permanent written record and may violate confidentiality. Giving verbal notification only would not provide a record in case of termination. Posting the notice on the bulletin board would violate employee confidentiality.

SOURCE: HR:358 Dismiss/Fire employees

SOURCE: EEOC. (n.d.). *Recordkeeping requirements*. Retrieved on October 2, 2023, from <https://www.eeoc.gov/employers/recordkeeping-requirements>

15. D

Emotional. One of the many risks entrepreneurs take when starting a new venture—aside from industry risk, market risk, product risk, financial risk, career risk, etc.—is emotional risk. Emotional risk usually stems from sacrificing home and family life for business work and can lead to marital strain and other family problems. In this scenario, Bryan's partner is displeased about how Bryan's work will affect their family. Financial, technology, and reputational risks are very possible for entrepreneurs, but they are not demonstrated in this scenario.

SOURCE: EN:010 Assess risks associated with venture

SOURCE: Hayes, A. (2022, November 13). *What risks does an entrepreneur face?* Retrieved October 2, 2023, from <https://www.investopedia.com/ask/answers/040615/what-risks-does-entrepreneur-face.asp>

16. C

Fixed expense. The costs of doing business that do not fluctuate with changes in sales volume are known as fixed expenses. Payments for such items as insurance, taxes, and interest are fixed amounts that the business owner must pay on a regular basis. Variable expenses may change depending on changes in the volume of sales and include such items as employee salaries, supplies, and advertising. Interest is the amount of money businesses pay for borrowing capital. Legal expenses include costs for lawyers and fees for government licenses.

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

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

17. D

Can be analyzed and repeated. Business process thinking means thinking about a project or an assignment in terms of the processes that will be required to complete it. One of the primary benefits of process thinking is the ability to document (and then refine and repeat) the processes that are involved in a project. By documenting a process, the process can be improved and standardized so that the best possible results are achieved. Process thinking does not guarantee a project's success, but it does improve its chances. Process thinking results in more efficient projects, not less efficient projects.

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

SOURCE: Tallyfy. (2014-2021). *Importance of process thinking in business management*. Retrieved October 2, 2023, from <https://tallyfy.com/process-thinking/>

18. D

Increases; increases. Our economy is always changing. When we experience good economic conditions, jobs are plentiful, and most people are able to buy what they want or need. With increased spending, demand increases. When demand is higher than producers can meet, prices go up. As economic growth slows down, demand begins to fall because consumers cut back on spending. Businesses reduce their prices in order to survive until demand increases.

SOURCE: PI:002 Explain factors affecting pricing decisions

SOURCE: Chen, J. (2020, November 27). *Economic conditions*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/e/economic-conditions.asp>

19. D

Transferring. The business has transferred the risk to the insurance company. The business will pay the insurance company fees called premiums in order to be reimbursed by the insurance company if its trucks are damaged, stolen, or wrecked. A risk is being avoided if it is recognized and eliminated. A business is retaining, or keeping, a risk if it does nothing about it. A risk is being controlled when measures are taken to prevent or reduce the risk factor.

SOURCE: EC:011 Determine factors affecting business risk

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

20. D

Fair. Ethics are the basic principles that govern a person's behavior. A manager who shows impartiality and has the ability to make judgments without showing favoritism or demonstrating self-interest is exhibiting fair behavior. A person is prejudiced when they have an opinion or make a judgment based on feeling or hearsay. An inferior attitude is an outlook of people who believe that they are less worthy than the people around them. Being cooperative means being able to get along with another person.

SOURCE: SM:002 Explain the nature of managerial ethics

SOURCE: Dowd, M. (2021, August 30). *How to treat employees fairly in the workplace*. Retrieved October 2, 2023, from <https://work.chron.com/treat-employees-fairly-workplace-3070.html>

21. B

Ultimate consumer; producer. An ultimate consumer is anyone who personally uses a good or service to satisfy their own needs or wants. In this example, Cara is the ultimate consumer; she is the final stop for the farmer's tomatoes. The farmer is the producer, because they grew the tomatoes that Cara purchased. In this example, there is no intermediary or retailer because Cara purchased the tomatoes directly from the producer.

SOURCE: CM:003 Explain the nature of channels of distribution

SOURCE: LAP-CM-003—Channel It (Channels of Distribution)

22. D

Transparency. Transparency is maintaining open and truthful communications. It is a principle of good governance because stakeholders should be informed about the company's activities. One way that companies can be transparent is by hosting shareholder meetings and sharing information about financial performance. Accountability is accepting responsibility for decisions. Fairness is the ability to make judgments and act without favoritism or self-interest. Viability is creating long-term value for all relevant stakeholders. This example is not related to accountability, fairness, or viability.

SOURCE: PD:214 Describe the components of a well-governed company (e.g., board of directors, reporting, transparency, internal and external audit functions)

SOURCE: Chen, J. (2023, March 22). *Corporate governance definition: How it works, principles, and examples*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/c/corporategovernance.asp>



23. A

It gives them a common goal. Brand promise is important because it enables a company to give employees a common goal to work toward in their daily work activities. This goal shouldn't create additional pressures, however. Brand promise doesn't create job descriptions, and it won't necessarily increase employee bonuses.

SOURCE: CR:001 Identify company's brand promise

SOURCE: LAP-CR-001—Share the Promise (Identifying Brand Promise)

24. A

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 Explain methods/processes for organizing workflow

SOURCE: Post, J. (2023, February 21). *13 ways to improve your office workflow*. Retrieved October 2, 2023, from <https://www.business.com/articles/5-ways-to-improve-your-office-workflow/>

25. C

Management; stakeholders. Internal audits are performed for management within a company to analyze practices and examine risks. External audits are done by outside firms and are used by stakeholders such as investors, creditors, and lenders. External audits are generally not used by employees, management, or competitors. Internal audits are not used by stakeholders or creditors.

SOURCE: PD:214 Describe the components of a well-governed company (e.g., board of directors, reporting, transparency, internal and external audit functions)

SOURCE: AccountingTools. (2023, February 26). *The difference between internal and external audits*. Retrieved October 2, 2023, from <https://www.accountingtools.com/articles/the-difference-between-internal-and-external-audits.html>

26. B

At least two. When negotiating a service or maintenance contract, a business should consider at least two suppliers. This will allow the business to obtain competitive prices, retain bargaining power, and learn more about each supplier. Attempting to negotiate with every possible supplier could prove overwhelming. Negotiating with only the largest supplier limits bargaining power and may not obtain the best price. Limiting negotiations to no more than two suppliers may also reduce competitive bargaining, particularly if there are additional suppliers who may offer better prices.

SOURCE: OP:027 Negotiate service and maintenance contracts

SOURCE: LinkedIn. (n.d.). *How do you negotiate contracts and fees with vendors and suppliers for your events?* Retrieved October 2, 2023, from <https://www.linkedin.com/advice/0/how-do-you-negotiate-contracts-fees-vendors-suppliers>

27. A

"You won't regret this decision—I am confident my idea will help our organization." This statement would be appropriate to say after successfully selling an idea to others because it helps the audience feel good about their decision, rather than raising potential doubts about your idea's likelihood for success. The other three alternatives lack confidence in the idea, which would likely lead the audience to question their decision.

SOURCE: EI:108 "Sell" ideas to others

SOURCE: LAP-EI-108—Do They Buy It? ("Selling" Ideas to Others)

28. B

Defamation. Defamation involves using untrue or false characterizations to harm someone's reputation and public standing. Slander and libel are the two general forms of defamation. Slander involves saying something untrue that damages a person's or business's reputation, while libel involves writing something untrue that damages a person's or business's reputation. Misrepresentation involves telling the facts in an inaccurate way. Defamation violates civil law. Nuisances generally deal with land disputes.

SOURCE: BL:069 Identify the basic torts relating to business enterprises

SOURCE: Laws.com. (2020, September 12). *A brief overview of tort law*. Retrieved October 2, 2023, from <https://tort.laws.com/tort-law>

29. A

Change passwords frequently. By requiring employees to change passwords frequently, a company can help prevent unauthorized access from occurring and avoid potential hacking and cyberattacks. Rather than requiring every employee to use the same password, each individual should be assigned their own unique login and password. Asking employees to sign a user agreement can help inform employees of proper internet and computer use and offer a company some legal protection, but they do not necessarily prevent unauthorized activity from occurring. An employee with authorized access is often required to post digital content on behalf of their company.

SOURCE: OP:473 Evaluate strategies for protecting business' digital assets (e.g., website, social media, email, etc.), customer data, and other protected information

SOURCE: LinkedIn. (2023). *What are the best ways to protect your digital assets?* Retrieved October 3, 2023, from <https://www.linkedin.com/advice/0/what-best-ways-protect-your-digital-assets-skills-digital-strategy>

30. A

You already have one without realizing it. Before building your company's unique selling proposition (USP), ask yourself if you already have one without realizing it. If so, and it works, there's no reason to change it; actually, changing it could confuse your customers and hurt your business. However, if the USP is not working, it's time to get started on a new one. Every business needs a good USP to be successful, whether or not it spends a lot of money on advertising. A good USP is one of a kind, not copied from another company.

SOURCE: PM:272 Identify company's unique selling proposition

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

31. C

People consider news sources more trustworthy. Since most people consider information communicated by mainstream media sources to be trustworthy, news releases are a very effective public relations tool. Whether people pay for news or not does not impact its effectiveness. Social media often has a broader reach than news sources. News sources contain factual information as well as opinions and paid advertising.

SOURCE: PR:250 Explain communications channels used in public-relations activities

SOURCE: IPR. (2023). *PR tools and techniques*. Retrieved October 3, 2023, from <https://www.ipr.org.uk/pr-tools-and-techniques.html>



32. A

Ability to raise large amounts of capital. A corporation is a form of business ownership that is owned by stockholders who have purchased stock. Corporations can easily raise capital by selling additional shares of stock in the business. There is a large amount of government regulation of corporations. It is often necessary to have board approval to change policies, and there is a lot of paperwork and red tape involved in starting or ending a corporation.

SOURCE: BL:006 Select form of business ownership

SOURCE: Investopedia. (2023, June 14). *Corporation: What it is and how to form one*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/c/corporation.asp>

33. A

Credibility. Persuading others isn't always easy, but there are steps you can take toward being more persuasive. The first step lies in developing personal credibility. When you have credibility, others trust and believe what you say. Credible people are seen as experts, they tell the truth, and they are dependable. Having a sense of humor, being punctual, and having ambition can all be important traits at work, but they do not necessarily help your coworkers see you as honest or dependable.

SOURCE: EI:012 Persuade others

SOURCE: LAP-EI-912—Win Them Over (Persuading Others)

34. C

Creating new jobs. Entrepreneurs contribute to society by providing jobs for employees. They do not necessarily contribute to society by donating to charities, running for political office, or making friends with employees.

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

SOURCE: Seth, S. (2023, August 24). *Why entrepreneurship is important to the economy*. Retrieved October 2, 2023, from <https://www.investopedia.com/articles/personal-finance/101414/why-entrepreneurs-are-important-economy.asp>

35. B

Target market. A target market is the particular group of customers a business seeks to attract. There are several factors that businesses consider when identifying and selecting a target market. These factors include geographic area and the type of need. Therefore, identifying the customers in one geographic area who have the same needs is an example of selecting a target market. This market might be all customers who live in Florida and need hurricane insurance. A qualified lead is a prospect—any person or business with the potential to purchase a good, service, or idea. Economic resources are the human and natural resources and capital goods used to produce goods and services. A mass audience is all of the readers or viewers reached by a media channel.

SOURCE: MP:005 Select target market

SOURCE: Entrepreneur. (2023). *Target market*. Retrieved October 3, 2023, from <https://www.entrepreneur.com/encyclopedia/target-market>

36. B

Risks. Many small businesses obtain variable interest rate loans because the rates are low at the time they negotiate the loan. The risk involved with these types of loans is that the rate will increase far more than the business expects, which makes borrowing the money very expensive. It is risky to obtain variable interest rate loans unless the business negotiates a maximum cap on the rate. That way, the business knows that the interest rate will not exceed a certain number. For example, if the variable rate is currently 5%, a business might negotiate a cap of 9%. A rising interest rate is not a penalty, fee, or limit. However, there are fees associated with obtaining loans, and there may be penalties if the business pays off the loan ahead of schedule.

SOURCE: FI:041 Identify risks associated with obtaining business credit

SOURCE: Chen, J. (2021, March 31). *Variable interest rate: Definition, pros & cons, vs. fixed*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/v/variableinterestrate.asp>

37. C

To identify new business opportunities through the investigation process. By conducting feasibility studies, prospective business owners investigate whether business ideas are viable. The studies help to narrow the scope of the business ideas being considered. It's unlikely that one of the ideas will surface as "the" business idea to pursue. Conducting a feasibility study will not guarantee the success of a business venture; however, it will help to address many of the issues that a business will confront in the long term. Conducting a feasibility study is not likely to help you select the form of business ownership for your venture. Unless competitors are publicly-traded companies, you will not have access to their financial information. What you do learn about the competition is whether there are a few or many competitors, the barriers/ease of entry into the market or industry, the concentration and competitiveness of vendors and buyers, and price competitiveness.

SOURCE: EN:038 Determine feasibility of venture ideas

SOURCE: Investopedia. (2023, March 17). *Feasibility study*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/f/feasibility-study.asp>

38. B

\$87,000. When businesses develop budgets, they usually prepare a capital budget which allows a certain amount of money for the purchase of new or replacement equipment. In many cases, the amount they budget is based on a percentage of profit. In this example, to calculate the amount a business can budget for new equipment, first determine the amount of profit by subtracting expenses from sales ( $\$850,000 - \$415,000 = \$435,000$ ). Then calculate 20% of profit ( $\$435,000 \times 20\%$  or  $.20 = \$87,000$ ).

SOURCE: FI:099 Develop company's/department's budget

SOURCE: Kenton, W. (2023, April 18). *Capital budgeting: Definition, methods, and examples*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/c/capitalbudgeting.asp>

39. D

Press conference. There are two basic types of public relations activities: interactive and one-way. Interactive public relations activities allow for communication between an organization and the public to flow both ways, whereas one-way activities involve one-way communication from an organization to the public. Examples of interactive public relations activities include press conferences, speaking engagements, sponsorships, blogs, chat rooms, and social media. Examples of one-way public relations activities typically include search engine optimization, newsletters, websites, podcasts, press releases, and direct mail.

SOURCE: PR:252 Identify types of public-relations activities

SOURCE: Chen, J. (2021, March 26). *What is a press conference? Definition and why they're held*. Retrieved October 3, 2023, from <https://www.investopedia.com/terms/p/press-conference.asp>

40. C

Neutral. The goal of a group brainstorming session is to generate as many ideas as possible within a set amount of time. The facilitator's role is to guide the discussion and record the group's ideas. It is important for the facilitator to remain neutral or objective when group members share their ideas. By remaining objective and not judging or criticizing ideas, the facilitator helps the group feel comfortable and more willing to provide input. Part of the facilitator's role is to keep the group on track, so the facilitator should exhibit assertive behavior rather than a passive attitude. Exhibiting an authoritarian or rigid attitude may prevent group members from sharing their ideas.

SOURCE: EN:006 Generate venture ideas

SOURCE: Indeed. (2022, June 24). *10 steps for brainstorming facilitation*. Retrieved October 2, 2023, from <https://www.indeed.com/career-advice/career-development/brainstorm-facilitation>

41. A

Operating strategies. Operating strategies are the plans of action for running the business. When a business develops a business plan, it decides how the business will operate and the steps it will take to function effectively and be successful. It is important to analyze the effectiveness of these operating strategies to track the performance of the business plan to make sure the plan is successful. In some cases, businesses need to make changes to their operating strategies to improve performance. Businesses establish objectives, determine the ownership structure, and set staffing requirements in the process of preparing a business plan.

SOURCE: SM:006 Track performance of business plan

SOURCE: McQuerrey, L. (n.d.). *How to monitor & control your business plan*. Retrieved October 2, 2023, from <https://smallbusiness.chron.com/monitor-control-business-plan-41401.html>

42. D

Form. Form utility is usefulness created by altering or changing the form or shape of a good to make it more useful to the consumer. This change takes place during the production process (e.g., production turns flour and other ingredients into bread). Place utility is usefulness created when goods or services are made available at the place where they are needed or wanted by consumers. Time utility is usefulness created when products are made available at the time they are needed or wanted by consumers. Possession utility is usefulness created when ownership of a product is transferred from the seller to the user.

SOURCE: OP:017 Explain the concept of production

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

43. D

Financing. Financing is a business function that involves understanding the financial concepts used in making business decisions. Promotion is a marketing function that involves communicating information about goods, services, images, and/or ideas to achieve a desired outcome. Risk management is a business activity that involves the planning, controlling, preventing, and procedures used by management to limit business losses. Accounting is a financial activity that involves keeping and interpreting a business's financial records.

SOURCE: FI:031 Explain sources of financial assistance

SOURCE: Hayes, A. (2023, June 8). *Financing: What it means and why it matters*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/f/financing.asp>

44. D

To improve performance. Team building involves developing cooperative efforts between employees and management to accomplish company goals and objectives. One reason why many businesses encourage team building is that it tends to improve the performance of the group so they are better able to achieve specific objectives. When team members work together for a common purpose, they usually are more effective and perform better than when employees work independently to achieve a common goal. Businesses do not encourage team building to obtain feedback, develop training, or understand diversity.

SOURCE: EI:044 Encourage team building

SOURCE: Indeed. (2023, February 28). *17 benefits of team building for your organization*. Retrieved October 2, 2023, from <https://www.indeed.com/career-advice/career-development/benefits-of-team-building>

45. A

Results. Keeping the end goal in mind refers to being results-oriented, a characteristic of achievement-oriented people. They like being able to objectively evaluate their successes. They also value improvement, trying something new, and competition; however, these standards don't necessarily relate to keeping the end goal in mind.

SOURCE: EI:027 Develop an achievement orientation

SOURCE: LAP-EI-027—High Hopes (Developing an Achievement Orientation)

46. D

Measurable. When an organization is developing performance standards, it should ensure that those standards are measurable so that they can actually be used to evaluate performance. Performance standards should be objective rather than subjective. They also should be clearly stated in writing rather than informally discussed. Finally, performance standards should be realistic rather than extremely challenging.

SOURCE: PD:256 Establish performance standards to meet organizational goals

SOURCE: U.S. Office of Personnel Management. (n.d.). *Developing performance standards*. Retrieved October 2, 2023, from <https://www.opm.gov/policy-data-oversight/performance-management/performance-management-cycle/planning/developing-performance-standards>

47. D

Output and profit. Outputs are the goods and services produced, and profit is the money the business receives for the sale of those outputs. Businesses determine output and profit by calculating total revenue and marginal revenue. Total revenue is all the revenue from the sale of outputs, and marginal revenue is the revenue received from producing and selling one additional unit of output. These calculations help a business decide if output is generating the desired profit. Calculating total revenue and marginal revenue is not a way to determine supply and demand, cause and effect, or assets and liabilities.

SOURCE: FI:358 Determine relationships among total revenue, marginal revenue, output, and profit

SOURCE: Investopedia. (2022, June 26). *What is the relationship between marginal revenue and total revenue?* Retrieved October 2, 2023, from <https://www.investopedia.com/ask/answers/033115/what-relationship-between-marginal-revenue-and-total-revenue.asp>

48. B

Follow up on. After allowing employees time to adjust to the solution, you should follow up on the situation to determine if the solution is effective and to what degree results have been achieved. Failure to do so would waste the time and energy previously devoted to resolving the problem. Identifying the real problem is the first step in handling employee grievances. This step should include gathering all available information about the situation and analyzing it. Considering solutions to the problem is the next step, followed by selecting the best solution, implementing the solution, and following up.

SOURCE: HR:366 Handle employee complaints and grievances

SOURCE: TrackSmart. (2017, February 27). *6 steps to successful conflict resolution in the workplace*. Retrieved October 2, 2023, from <http://blog.tracksmart.com/6-steps-successful-conflict-resolution-workplace/>

49. D

Individuals. A consumer market is a market composed of individuals who purchase goods or services to satisfy their personal desires. The other alternatives are considered industrial markets—markets that purchase items for use in the operation of the business, for resale, or for making other goods.

SOURCE: MP:003 Explain the concept of market and market identification

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

50. B

Taking action to create marketing opportunities. Being proactive is the process of adapting to the environment in advance of the occurrence of events. This means taking advantage of opportunities rather than reacting to changes or problems that occur. A proactive business is engaged in continuous planning rather than watching for changes or reacting to competitors' changes. A proactive business may use a creative promotional mix, but that is not a proactive characteristic.

SOURCE: SM:011 Explain external planning considerations

SOURCE: Indeed. (2022, July 22). *The importance of being proactive (plus tips)*. Retrieved October 2, 2023, from <https://www.indeed.com/career-advice/career-development/why-is-being-proactive-important>

51. 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 Discuss factors to consider in choosing between debt and equity capital

SOURCE: Kuligowski, K. (2023, August 14). *The difference between debt and equity financing*. Retrieved October 3, 2023, from <https://www.businessnewsdaily.com/6363-debt-vs-equity-financing.html>

52. D

Human. People have a big impact on business processes. Stress, fatigue, and morale all influence how successful a process will be. When designing a business process, therefore, companies should consider how human factors will affect the process. Technology, regulations, and the environment surrounding the company or employee also impact business processes; however, this example best demonstrates how human factors impact process design.

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

SOURCE: Taylor, H. (2017, September 26). *Factors that affect process design*. Retrieved October 2, 2023, from <https://bizfluent.com/list-7444011-factors-affect-process-design.html>

53. C

Shared by channel members. The costs of promoting products are often shared by channel members instead of paid for entirely by one channel member. All products need to be promoted. Promotion costs are unavoidable and are often expensive, especially for new products.

SOURCE: CM:001 Explain the nature and scope of channel management

SOURCE: LAP-CM-001—Chart Your Channels (Channel Management)

54. D

Self-mailers. Direct mail is a promotional medium that comes to consumers' homes and businesses. Self-mailers are forms of direct mail that do not require an envelope. Self-mailers are usually sealed or stapled and have a designated space for the mailing label, return address label, and postage. Businesses can save money by using self-mailers because they do not need to purchase envelopes. Color catalogs are expensive to produce. Sales packets require envelopes or wrappers and often weigh a lot, which tends to increase postage amounts. Billboards are not an example of direct mail.

SOURCE: PR:089 Explain the nature of direct marketing channels

SOURCE: Zhang, A. (2023, January 9). *Direct mail: What it is, how it works, in practice*. Retrieved October 3, 2023, from <https://www.investopedia.com/terms/d/direct-mail.asp>

55. A

A company uses recycled materials in its products. Showing concern for the environment is one way that companies demonstrate corporate responsibility. Corporate responsibility involves going above and beyond just following rules and regulations—paying taxes on time is expected of each and every company by the law. Expanding facilities does not necessarily exhibit concern for the community, the environment, or employees. Offering professional development to employees is considered providing proper training, not demonstrating corporate responsibility.

SOURCE: MK:019 Demonstrate connections between company actions and results (e.g., influencing consumer buying behavior, gaining market share, etc.)

SOURCE: LAP-MK-019—Just Do It...Right (Company Actions and Results)

56. B

To remain competitive. Today's business environment is becoming more global in nature. To remain competitive in this environment, businesses need up-to-date marketing information about a variety of issues such as economic conditions, political systems, and technological changes throughout the world. Frequently, businesses in one part of the world make decisions that affect their customers in other parts of the world. To be able to make the right decisions and stay competitive, the businesses need marketing information about conditions in those areas. Businesses do not gather marketing information about conditions throughout the world to understand geography, import products, or eliminate trade quotas.

SOURCE: IM:012 Describe the need for marketing data

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



57. C

Accounts receivable are 15% less than budgeted. Budget information is only useful if a business monitors it regularly and uses it to make changes in order to control operations. If a business finds that its accounts receivable are 15% less than budgeted, the business needs to make changes to increase sales or to reduce expenses. If the business does not use this information to make changes, it will end up losing money for the year and may need to obtain loans in order to continue operating. If credit card sales are 25% of total business and investment income is the same as last year, a business probably does not need to make changes. If operating expenses are 5% less than budgeted, the business will probably earn more profit.

SOURCE: OP:030 Use budgets to control operations

SOURCE: Hayes, A. (2022, August 5). *What accounts receivable (AR) are and how businesses use them, with examples*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/a/accountsreceivable.asp>

58. C

It exposes the shop to the risk of product unavailability. One of the risks of sourcing a large amount of product from one supplier is that products may sometimes be unavailable. When a company sources a large amount of product from one supplier, it typically acquires the product for less. A reduction in advertising is generally determined by a company's business goals and is not typically impacted by changes to suppliers. Reducing the number of suppliers that need to be managed will have a positive impact since business costs are reduced.

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

SOURCE: Invest Northern Ireland. (n.d.). *Choosing suppliers for your business*. Retrieved October 2, 2023, from <https://www.nibusinessinfo.co.uk/content/choose-between-single-or-multiple-supplier-strategy>

59. A

Annual report. Enterprise risk management allows corporations to identify risks and decide which risks to manage. They should include their finalized ERM plans in their annual reports to make the information available to all their stakeholders. The annual budget, balance sheets, and quarterly projections are financial documents that do not deal with risk management.

SOURCE: RM:062 Discuss the nature of enterprise risk management (ERM)

SOURCE: Hayes, A. (2022, September 7). *Enterprise risk management (ERM): What it is and how it works*. Retrieved October 3, 2023, from <https://www.investopedia.com/terms/e/enterprise-risk-management.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 Discuss the nature of supply chain management

SOURCE: Fernando, J. (2022, July 7). *Supply chain management (SCM): How it works and why it is important*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/s/scm.asp>

61. B

Merges with another company. An alteration to a company's current business process is considered a business process change. If a company undergoes a significant change, such as merging with another company, it requires a change in business procedures. Planning a meeting for Friday and having a profitable quarter are not reasons to change a business process. If a company goes out of business, it will no longer have business processes.

SOURCE: OP:476 Explain the causes of business process changes

SOURCE: The Hackett Group. (n.d.). *Enabling business process change*. Retrieved October 2, 2023, from <https://www.thehackettgroup.com/business-process-change-hackett/>

62. B

Movies, music, and books. Copyrights protect a wide range of works such as movies, books, stage plays, physical works of art (e.g., paintings, sculptures), and sound recordings. Businesses and individuals use patents to protect new processes and inventions. A trademark protects words or symbols used by a business to identify a good or service. Copyrights protect the expression of ideas but do not typically protect the ideas themselves, no matter if the ideas are new or old. Trade secret law and confidentiality agreements help protect ideas from misuse from others.

SOURCE: BL:051 Describe methods used to protect intellectual property

SOURCE: Entrepreneur. (2023). *Intellectual property*. Retrieved October 2, 2023, from <https://www.entrepreneur.com/encyclopedia/intellectual-property>

63. D

Sharing company ownership. When a startup receives funding from a venture capitalist, investors own equity shares in the company. This means there are fewer shares to sell, and the investors might also have a share in decision-making. Startups do not have to repay the money from venture capitalists. Venture capital can help a startup grow quickly, rather than slowly. Obtaining investment from venture capitalists does not increase the chance of failure.

SOURCE: EN:019 Describe considerations in selecting capital resources

SOURCE: The Hartford. (n.d.). *Advantages vs. disadvantages of venture capital*. Retrieved October 2, 2023, from <https://www.thehartford.com/business-insurance/strategy/business-financing/venture-capital>

64. C

The steps in marketing research must follow a certain order, and none can be eliminated. This is a primary characteristic of marketing research. The business must follow a systematic, step-by-step research process that includes gathering, recording, and analyzing data, in that order. This is true no matter how much or how little data are being gathered.

SOURCE: IM:010 Explain the nature of marketing research

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

65. D

Tactical. Entrepreneurs and small-business owners must engage in a variety of planning activities to get a business started and to keep it running smoothly. Tactical planning is short-range planning (one year) of specific actions the business will take. Strategic planning is long-range planning (three to five years) for the company as a whole. Systematic planning involves using a set of procedures to plan activities. Environmental planning focuses on establishing goals and activities that affect the natural environment.

SOURCE: EN:007 Describe entrepreneurial planning considerations

SOURCE: Indeed. (2022, June 24). *What is tactical planning? Definition and benefits*. Retrieved October 2, 2023, from <https://www.indeed.com/career-advice/career-development/tactical-planning>



66. B

To determine qualifications. The purpose of an interview is to determine if the applicant meets the qualifications to perform the job. Therefore, the interview questions should relate directly to the job in terms of the applicant's education, skills, training, and work history. Businesses often take remedial action with current employees who are not performing well on the job. Applicants usually do not complain during job interviews. Interviewers usually do not plan future training while asking questions during a job interview.

SOURCE: HR:355 Interview job applicants

SOURCE: Enright, M. (2020, October 13). *The do's and don'ts of conducting a job interview*. Retrieved October 2, 2023, from <https://www.wolterskluwer.com/en/expert-insights/the-dos-and-donts-of-conducting-a-job-interview>

67. A

Word-of-mouth. Word-of-mouth marketing is the promotion and publicity for a business provided by customers who tell others of their satisfaction with a business or product. Tom hopes that social media influencers will tell others about his album and thereby increase sales. Ambush marketing is a promotional technique whereby a non-sponsoring business tries to associate with an event to gain recognition as a sponsor. Business-to-business (B2B) marketing involves creating, promoting, and selling goods and services to other businesses or organizations. Mass marketing involves designing products and directing marketing activities to appeal to the whole market. Mass marketing is also known as undifferentiated marketing.

SOURCE: PR:247 Describe word-of-mouth channels used to communicate with targeted audiences

SOURCE: Meyers, J. (n.d.). *What is word-of-mouth advertising?* Retrieved October 3, 2023, from <https://yourbusiness.azcentral.com/wordofmouth-advertising-5692.html>

68. D

Choose a market that has plenty of space available. When leasing a property, if the market is hot and there are limited spaces available, it will be more difficult for tenants to gain any negotiating power because of competition. Landlords can easily turn down requests because there are many other potential tenants. However, if the market has plenty of space available, the tenant has more negotiating power. There are many other options that the tenant could choose, so the landlord will be more willing to negotiate terms. Focusing on a short-term lease, settling on a rate of rent increase, or sharing the office space with another business are all important factors to discuss when negotiating leases, but they will not necessarily affect the negotiating power of the business.

SOURCE: OP:028 Negotiate lease or purchase of facility

SOURCE: Nolo. (n.d.). *Commercial leases: Negotiate the best terms*. Retrieved October 2, 2023, from <https://www.nolo.com/legal-encyclopedia/commercial-leases-negotiate-best-terms-29754.html>

69. B

Beneficial for all stakeholders. Corporate governance refers to the way an organization is managed at the highest level. Well-executed corporate governance has many benefits, including corporate success and economic growth, investor confidence, and positive brand development. Good corporate governance also ensures that an organization is managed in a way that is most beneficial and least detrimental for everyone—employees, management, shareholders, as well as the general public—not most helpful for company leaders, detrimental for competitors, or irrelevant to the public eye.

SOURCE: PD:213 Discuss the importance of corporate governance in business

SOURCE: Management Study Guide. (n.d.). *Corporate governance—Definition, scope and benefits*. Retrieved October 2, 2023, from <https://www.managementstudyguide.com/corporate-governance.htm>

70. A

Outsourcing. Outsourcing is acquiring assistance from outside organizations or consultants to obtain goods and services to perform primary business activities. Forming a corporation is complex, so it is important to make sure that the appropriate legal forms are correct. If the business does not complete the legal activities correctly, the government may fine the corporation. A knowledgeable attorney ensures that the business follows the proper procedures and legal forms are accurate. Exporting, staffing, and designating do not describe the process of contracting a law firm to handle a legal issue.

SOURCE: EN:022 Use external resources to supplement entrepreneur's expertise

SOURCE: Twin, A. (2022, June 18). *Outsourcing: How it works in business, with examples*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/o/outsourcing.asp>

71. C

Seed funding. Seed funding is a financing option that involves an investment in the early stages of a startup, often from the startup founders and friends or family. Also often called "friendly money," this type of financing tends to come from those who believe in the founders and their aspirations. Bridge financing comes later in the progress of a startup to help until long-term financing is available. Impact investing is a type of funding for social ventures. Crowdfunding is the process of raising funds from a large group of people, usually via the internet.

SOURCE: EN:016 Select sources to finance venture creation/start-up

SOURCE: Allen, K.R. (2020). *Launching new ventures* (8th ed.) [p. 267]. Boston, MA: Cengage Learning, Inc.

72. A

Determine the duties of the job. The business must decide exactly what the worker will be doing on the job in order to choose the job applicant whose skills are most appropriate. After the job duties are defined, the firm can decide which methods to use in screening and selecting applicants and advertise the job opening or contact a local recruitment source for applicants.

SOURCE: HR:356 Select and hire new employees

SOURCE: Wright State University. (2023). *Writing an effective job description*. Retrieved October 5, 2023, from <https://www.wright.edu/human-resources/writing-an-effective-job-description>

73. C

The board of directors. The board of directors is the primary stakeholder affecting corporate governance. The board of directors exists to make important decisions for the company, including appointing corporate officers, setting executive compensation, and making dividend policies. The board of directors directly influences the company's corporate governance. Company shareholders, employees, and executives are not the primary stakeholders affecting corporate governance.

SOURCE: PD:302 Identify the factors that impact governance structures

SOURCE: Chen, J. (2023, March 22). *Corporate governance definition: How it works, principles, and examples*. Retrieved October 2, 2023, from <https://www.investopedia.com/terms/c/corporategovernance.asp>

74. B

Minimum-wage laws. By passing laws that require businesses to pay workers a minimum amount of money per hour, the government is protecting workers' rights for fair and reasonable compensation. Worker compensation is insurance purchased by employers to provide benefits to employees who are injured on the job. A labor union is a group of workers in the same industry or profession who have united to improve the terms and conditions under which they work. Labor union laws govern the way labor unions can organize and take action. Equal-credit policies are guidelines that provide all consumers with an equal opportunity to apply for credit, which allows buyers to buy now and pay later.

SOURCE: BL:007 Explain the nature of human resources regulations

SOURCE: Employment Law Handbook. (n.d.). *Minimum wage laws*. Retrieved October 2, 2023, from <https://www.employmentlawhandbook.com/employment-and-labor-laws/topics/wage-and-hour/minimum-wage/>

75. C

Interest on a loan. Prices are attached to anything of value for which consumers are willing to make a money exchange. When a customer obtains a loan from a financial institution, the customer repays the loan with interest. The interest is the price the customer pays to the bank for the purchase of the loan. A debit to an account occurs when a customer writes a check or withdraws funds from an account and does not necessarily involve a fee to the bank. The balance on a loan is the amount remaining to be repaid. A credit to an account involves depositing funds to an account.

SOURCE: PI:001 Explain the nature and scope of the pricing function

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

76. D

Remind. Some companies need to remind customers that they and their products exist. Promotion might be used to reassure customers about a problem product, but customers would already be aware of its existence. A business would want the customer to be attracted to the product, not warned or cautioned about it.

SOURCE: PR:001 Explain the role of promotion as a marketing function

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

77. B

Alteration. Alteration is a product-mix strategy in which a business makes changes to its products or product lines. New packaging would be an example of alteration. Expansion is a product-mix strategy in which a business expands its product mix by adding product items or product lines. Trading-up is a product-mix strategy in which a business adds a higher priced product or product line to its product mix. Positioning is a product-mix strategy in which a business creates a certain image or impression of a product in the minds of consumers.

SOURCE: PM:003 Explain the concept of product mix

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

78. A

Risks help businesses determine objectives. When businesses are determining their objectives, they must consider risks related to these objectives and ensure that these risks are manageable. Objectives should be modified because of risk. If a new risk threatens a business objective, it should be changed to accommodate that risk. Business objectives almost always have at least some risk associated with them. Finally, the number of objectives is not necessarily related to the amount of risk.

SOURCE: RM:044 Discuss the relationship between risk and business objectives

SOURCE: Pike, R. (2018, October 31). *Building a bridge between risk management and business objectives*. Retrieved October 3, 2023, from <https://www.finance-monthly.com/2018/10/building-a-bridge-between-risk-management-and-business-objectives/>

79. B

Strategies for reaching its business goals. An action plan describes how an organization plans to reach its business goals and includes crucial information such as needed resources and employee responsibilities. An action plan cannot be developed until a company's business concept, vision, and mission have been determined. Strategies for handling emergencies are described by an organization's safety plan.

SOURCE: SM:012 Develop action plans

SOURCE: Sophy, J. (2023, June 14). *What is an action plan and how to create one + an example*. Retrieved October 2, 2023, from <https://smallbiztrends.com/2023/06/action-plan.html>

80. C

Expense. The discount rate is the total amount that a business pays for accepting a bank's credit card. It includes the charge for each transaction, the cost of processing the transaction, and the cost of sending the transaction information to the processing center. Businesses need to consider the discount rate when deciding whether to accept credit cards because the rate is an expense. This rate varies from bank to bank and often ranges from 2% to 5% of a business's credit sales depending on the business's sales volume and size of sales. Therefore, businesses usually shop around for the best rate in order to reduce the expense of accepting credit cards. The discount rate is not a contract, an estimate, or a receivable.

SOURCE: FI:040 Make critical decisions regarding acceptance of bank cards

SOURCE: Barone, A. (2023, June 30). *Merchant discount rate (MDR): Definition, purpose, average fees*. Retrieved October 5, 2023, from <https://www.investopedia.com/terms/m/merchant-discount-rate.asp>

81. A

Business permits. To begin conducting business, many startups need to ensure compliance with business regulations and licensing laws as part of their administrative considerations. One of these costs is a business permit, which might require health inspections and authorizations. Other administrative startup costs include property and liability insurance, utilities, and furniture. Internet access is a technology startup cost. Employee benefits is a human resources/employee startup cost. Marketing materials are an advertising and promotion startup cost.

SOURCE: EN:009 Assess start-up requirements

SOURCE: Morah, C. (2022, November 13). *Business startup costs: It's in the details*. Retrieved October 2, 2023, from <https://www.investopedia.com/articles/pf/09/business-startup-costs.asp>

82. B

Supply and demand. Supply and demand is the economic principle which states that the supply of a good or service will increase when demand is great and decrease when demand is low. Supply and demand work together in private enterprise to determine prices. Consumers indicate their demand for products by the prices they are willing to pay for those products. If the price rises too high, some consumers will buy less. The supply will then exceed the demand, causing the price to fall. Economic resources are the human and natural resources and capital goods used to produce goods and services. Profit motive is the desire to make a profit which moves people to invest in business. Goods and services are the tangible and intangible objects that can be sold.

SOURCE: EC:009 Explain the concept of private enterprise

SOURCE: LAP-EC-015—People Power (The Private Enterprise System)

83. C

Exchange price. An exchange price is the amount of money that the buyer is willing to pay and the seller is willing to accept for a good or service. A market share is an organization's portion of the total industry sales in a specific market. Promotion decisions refer to the selection of the various types of communications that marketers use to inform, persuade, or remind customers of their products. Pricing objectives are goals a company hopes to accomplish through its pricing strategies.

SOURCE: PI:001 Explain the nature and scope of the pricing function

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

84. B

Referral. One way that companies can recruit employees is through referrals. Referrals occur when a contact recommends another person for a position. Diego was referred to Lilian through Tanisha, who is a friend of Lilian's, so this is a referral. Referrals are a good way to find employees when a business is just getting off the ground. This is not an example of using a recruiting agency, job board, or digital networking to find an employee.

SOURCE: EN:017 Explain factors to consider in determining a venture's human-resources needs

SOURCE: Ricketts, C. (2015, April 29). *The exact hiring formula that will help you find the right people.*

Retrieved October 2, 2023, from <https://www.fastcompany.com/3045448/the-exact-hiring-formula-that-will-help-you-find-the-right-people>

85. A

Break-even analysis. A break-even analysis is a financial assessment that identifies various levels of sales that a business needs to achieve to reach the break-even point at various prices. The break-even point is the level of sales at which revenues equal total costs. When the business's revenues exceed the total costs, it is making a profit. The break-even analysis helps the business determine the optimal selling price for a product by examining the various sales levels in relation to their break-even points. A capital budget is a long-term plan for financing business projects and expansions. A productivity report summarizes the relationship between the business's inputs and its outputs. An economic forecast is a prediction of what may happen in a nation's economy. An economic forecast may be a factor that a business considers when it evaluates selling prices; however, the economic forecast is not a tool that the business uses to determine various break-even points.

SOURCE: OP:192 Conduct breakeven analysis

SOURCE: Richards, D. (2019, October 2). *How to do a breakeven analysis.* Retrieved October 2, 2023, from <https://www.thebalancemoney.com/how-to-do-a-breakeven-analysis-1200834>

86. B

Indirect. Goods and services can be sold indirectly to the consumer, or user, through the use of middlemen, such as wholesalers and retailers. For example, a florist purchases flowers from suppliers and resells them to customers. Substitute selling is selling similar items in place of those items requested by customers. Direct selling is selling goods and services to customers without using middlemen. Suggestion selling is a sales technique in which the salesperson attempts to increase the customer's purchase by suggesting additional items after the original decision to buy has been made.

SOURCE: SE:017 Explain the nature and scope of the selling function

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

87. D

Operating budget. Budgets are estimates of income and expenses for a specific time period. Budgets are planning tools that help entrepreneurs monitor and manage their ventures' money. Operating budgets estimate the business's day-to-day financial inflows (e.g., sales) and outflows (e.g., payroll and inventory). By setting a budget and comparing it to actual performance, an entrepreneur can evaluate the financial well-being of the venture at regular intervals. Entrepreneurs often consider other sources of information when setting the operating budget, such as requests for proposal, environmental scans, and inbound-call reports. A request for proposal (RFP) is a bid extended to vendors to provide prices for goods and services the business needs. An environmental scan is an analysis of the environment surrounding the business. An inbound-call report is a summary of phone calls processed by sales and service representatives within a specific time period.

SOURCE: EN:008 Explain tools used by entrepreneurs for venture planning

SOURCE: Bamboo HR. (n.d.). *Operating budget*. Retrieved October 2, 2023, from <https://www.bamboohr.com/resources/hr-glossary/operating-budget>

88. A

A lack of consequences. The threat of punishment is one reason why most people behave properly. A lack of consequences can cause some people to become arrogant and assume they will not be caught. Nicole is not facing an ethical dilemma because of a bad role model, the desire to prove herself, or pressure from others.

SOURCE: EI:124 Explain reasons for ethical dilemmas

SOURCE: LAP-EI-124—What's the Situation? (Reasons for Ethical Dilemmas)

89. C

Its target market. A comprehensive marketing plan addresses many different types of marketing objectives such as promotions, channels of distribution, product development, and target market. ROKE set a specific, measureable, and time-bound goal to increase its market share for a specific target market—25- to 40-year-old professional women. Objectives that address changes in market delivery relate to the channels of distribution or place. Product objectives involve the business's goods and services (e.g., product development). Promotion objectives are goals that address the ways in which the business communicates information about its goods and services to its target market.

SOURCE: MP:001 Explain the concept of marketing strategies

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

90. A

Liability. Liability coverage is required by law in most states/provinces because it protects other citizens from damages caused by automobile drivers. Liability coverage pays for damages or injuries to others, but it does not pay anything for the insured person's own losses. State/Provincial laws vary, but many states/provinces do not require collision, full coverage, or personal injury protection.

SOURCE: FI:082 Obtain insurance coverage

SOURCE: Allstate. (2022, April). *Liability insurance: How to stay protected*. Retrieved October 2, 2023, from <https://www.allstate.com/resources/car-insurance/liability-car-insurance-cover>

91. D

Analyze. The collected data must be analyzed, or interpreted, in order to be useful. Data by themselves are just a collection of facts, which might not be meaningful. Observation gathers data, surveying asks questions, and experimentation tests cause and effect.

SOURCE: IM:010 Explain the nature of marketing research

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



92. D

Environmental scanning. When Gary collects information about the environment surrounding his business, he is participating in environmental scanning. This process of gathering external information is an important part of SWOT analysis and the strategic planning process. External information can include technological advances, competitors' developments, the needs of customers, economic trends, and new laws or policies. Threat appraisal, competition assessment, and information collecting are not terms that apply to gathering external information.

SOURCE: MP:010 Conduct SWOT analysis for use in the marketing planning process

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

93. A

Operational activities. The sales forecast, the prediction of future sales over a specific period of time, is the basis for many other operational activities. The forecast affects decisions about production, distribution, purchasing, promotion, etc. Therefore, the sales forecast needs to be as accurate as possible so the business correctly plans the other operational activities. For example, if the forecast is too high, a business might produce substantially more product than it will be able to sell. A sales forecast is not the basis of pricing strategies, business reports, or management techniques.

SOURCE: MP:014 Forecast sales for marketing plan

SOURCE: Metcalf, T. (2018, April 5). *Top 10 reasons why sales forecasting is important*. Retrieved October 3, 2023, from <https://bizfluent.com/top-10-reasons-why-sales-forecasting-is-important.html>

94. C

Understand the risks involved. A business plan is the written document that is developed before starting a business. It explains the goals and objectives of the company and how the company intends to achieve those goals. Developing a business plan helps the business understand the risks it might face and develop strategies to overcome possible problems. All businesses face some type of risk, and being aware of that often helps the business be successful. A business plan is not developed to organize the operation, create a safe work environment, or identify a maintenance system.

SOURCE: SM:007 Explain the nature of business plans

SOURCE: LAP-SM-007— Plan Now, Succeed Later (Nature of Business Plans)

95. C

Specific questions. Businesses evaluate the customer experience to find out if customers are satisfied with the business and if the business is meeting the customers' expectations. To do that, businesses often send questionnaires to customers or meet with customers to obtain feedback. The information they obtain from customers helps businesses evaluate how they are doing as far as satisfying customers. If the feedback indicates problems, businesses can make changes to provide a more satisfactory customer experience. When evaluating the customer experience, businesses do not typically ask customers about competitors, for referrals, or to write reports.

SOURCE: PM:138 Evaluate customer experience

SOURCE: Vertical Response. (n.d.). *15 steps to create an effective customer survey*. Retrieved October 3, 2023, from <https://verticalresponse.com/blog/steps-to-create-an-effective-customer-survey/>

96. D

Gap analysis. A business uses a gap analysis to compare the current status of an activity or process with the desired outcome for that activity or process. Businesses use gap analyses to evaluate many types of business functions and activities including necessary skills, training, technology, and profitability. A mind map is a creative-thinking technique that involves generating ideas by making associations. A decision tree is a method that businesses often use to facilitate the decision-making process. It involves using a tree-shaped image in which each branch of the tree represents a possible occurrence or outcome. Critical path refers to a project management tool that illustrates all activities needed to complete a task in the order in which they need to be performed.

SOURCE: OP:327 Discuss the nature of business analysis

SOURCE: Hayes, A. (2023, July 24). *What is a gap analysis?* Retrieved October 2, 2023, from <https://www.investopedia.com/terms/g/gap-analysis.asp>

97. A

Continuation planning. Continuation planning is a plan for the future of a business to ensure that it continues operating successfully when the founder or leader transitions out of their role. If Reece Engineering Firm had a continuation plan in place, it would have been able to prevent the loss of clients and profits that occurred when the founder stepped down. Idea generation, feasibility studies, and risk-taking would not have helped Reece Engineering Firm in this instance.

SOURCE: EN:034 Explain the need for continuation planning

SOURCE: Cincinnati Life. (n.d.). *6 common mistakes in business continuation planning*. Retrieved October 2, 2023, from <https://blog.cinfin.com/2017/05/30/life-insurance-business-continuation-planning/>

98. C

Target market. The target market is the group of consumers on whom the business focuses its marketing efforts. An important part of developing a marketing plan involves selecting the target market because the purpose of the marketing plan is to establish procedures or strategies for attracting those target customers. A business needs to know which customers it is trying to reach in order to make decisions about how to reach them. Businesses often conduct research in order to gather important information before starting to develop a marketing plan. Once a marketing plan has been developed, a business might select a distribution agent and a sales force.

SOURCE: MP:018 Develop marketing plan

SOURCE: Investopedia. (2023, May 22). *Target market: Definition, purpose, examples, market segments*. Retrieved October 3, 2023, from <https://www.investopedia.com/terms/t/target-market.asp>

99. C

Customer satisfaction levels. Quality management is the coordination of resources to ensure the degree of excellence of a process, good, or service. One aspect of quality management involves customer satisfaction levels with the business's products. To gauge customer satisfaction levels in relation to product quality, the business monitors sales and obtains and evaluates customer feedback. If customers are satisfied with product quality, customer feedback is likely to be positive, and sales will be steady or will increase. If product quality is declining, customer feedback will likely be negative, complaints and returns may increase, and sales may decrease. Factors that may affect customer satisfaction levels include the product's durability, the product's performance, and customer service. The efficiency of the production process and the employees' performance levels do not always affect product quality.

SOURCE: QM:001 Explain the nature of quality management

SOURCE: Money Instructor. (2002-2023). *How to measure business quality*. Retrieved October 3, 2023, from <https://content.moneyinstructor.com/1380/business-quality.html>



100. D

Consistency. Product mix is the particular assortment of goods and services that a business offers in order to meet its market's needs and its company's goals. A product line is the group of related product items that a business offers. A business must make decisions about how many product lines to offer (width), how many items to offer in each product line (length), and how many types of products to offer (depth). The business also considers product line consistency or how similar each product line is in relation to the business's other product lines. An original product is an innovative (new) good or service. Adaptability means the degree of flexibility of something. Capacity refers to the level of competence of something. Originality, adaptability, and capacity are not always factors that a business considers when making decisions about its product mix.

SOURCE: PM:006 Plan product mix

SOURCE: CFI. (2023, April 19). *Product mix*. Retrieved October 3, 2023, from <https://corporatefinanceinstitute.com/resources/management/product-mix/>