



Competency-Based
Competitive Events
Written Exam

2024 HS ICDC
Booklet Number _____

Entrepreneurship Exam

ENT – Entrepreneurship Series Event

ETDM – Entrepreneurship Team Decision Making Event

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

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1. Which of the following best describes a secured business line of credit:
 - A. It is difficult to get approved.
 - B. It is riskier for the lender.
 - C. It requires collateral.
 - D. It comes with a higher interest rate.
2. Which of the following is a way in which companies can become customer-focused:
 - A. Prioritizing customer feedback
 - B. Being reactive when communicating company changes
 - C. Preventing customers from going above and beyond
 - D. Avoiding personalized experiences
3. External audits are different from internal audits in that external audits
 - A. focus on proving the accuracy of financial statements.
 - B. focus on measuring current performance.
 - C. look for areas of improvement.
 - D. are conducted by someone within the company.
4. Business employees typically write proposals to management to
 - A. analyze a project's progress.
 - B. share a plan of action.
 - C. request a raise.
 - D. air grievances.
5. Who should you talk to when conducting a SWOT analysis for your business?
 - A. Only top managers of the company
 - B. Only mid-level employees
 - C. Everyone—from company leaders to low-level employees
 - D. Your competitors—to see how they view your business
6. When Blend Inc. finalized a merger with a competitor, the company's leadership hosted a meeting to tell employees how the merger will impact them. This is an example of how
 - A. gaining buy-in is an important aspect of change management.
 - B. change management does not require a leader to be successful.
 - C. change can negatively affect a company if not managed well.
 - D. only people at the top of a company are impacted by change.
7. Which of the following is an advantage of direct marketing:
 - A. It lacks a personal touch.
 - B. It must conform to legal regulations.
 - C. It is cost effective.
 - D. It leads to consumer overload.

8. Amy recently bought a new phone case and is very pleased with her purchase. In fact, she has talked about how much she likes the phone case to her friends, family, and co-workers. This is an example of _____ marketing.
- A. cause
 - B. grassroots
 - C. word-of-mouth
 - D. guerrilla
9. Wes, a public relations (PR) professional for an electronics company, releases an official statement to the media about a new product the company is releasing. Wes is utilizing what PR tool?
- A. Press release
 - B. Blog
 - C. Newsletter
 - D. Social media marketing
10. Which of the following factors affecting selling price is determined by what people want and can afford:
- A. Competition
 - B. Costs
 - C. Supply and demand
 - D. Economic conditions
11. Why might a company choose an expansion product-mix strategy?
- A. Because it can help limit production costs
 - B. Because a product has lost its appeal to customers
 - C. Because it attracts a new target market
 - D. Because it offers customers complementary products
12. Which of the following is an important part of team recognition:
- A. Written praise
 - B. Celebrating together
 - C. Giving certificates
 - D. Going public
13. Which of the following is a legal question for an employer to ask an interviewee during a job interview:
- A. Are you a U.S. citizen?
 - B. What makes you a strong candidate for this job?
 - C. How many children do you have?
 - D. Have you experienced any serious illnesses?
14. What can an entrepreneur do to adapt to a changing business environment?
- A. Bring in the right people
 - B. View challenges as obstacles
 - C. Accept advice from everyone and anyone
 - D. Be reactive, rather than proactive

15. Businesses that use a harvest strategy _____ spending on an established, yet declining, product to _____ profits.
- A. increase; maximize
 - B. increase; minimize
 - C. reduce; minimize
 - D. reduce; maximize
16. Mary, a manager for a clothing outlet store, is deciding what work will be done and how it will be accomplished. What management function is Mary most likely using in this scenario?
- A. Planning
 - B. Staffing
 - C. Organizing
 - D. Directing
17. When conducting a market analysis, which of the following should a business do first:
- A. Look at industry standards
 - B. Pinpoint target customers
 - C. Determine the purpose
 - D. Put its analysis into action
18. Which of the following is an advantage of hiring a new employee for a startup:
- A. Onboarding and training
 - B. Happier customers
 - C. Additional help
 - D. Increased profits
19. Bradley is a salesman who routinely studies the features and components of his company's products to better prepare for his sales pitches. What aspect of selling does this illustrate?
- A. It takes place to influence purchase decisions.
 - B. It should enhance future business opportunities.
 - C. It is a personalized communication
 - D. It is a planned communication.
20. Which of the following are two ways that consumers can use technology to block advertisers:
- A. Ad-blocking software and watching shows online
 - B. Do-Not-Call registries and DVRs
 - C. Spam email filters and DVRs
 - D. Do-Not-Call registries and ad-blocking software
21. Ahmed has just opened a small bakery. In the kitchen, he has hung a sign for all employees to see that reads, "Our goal is to become the community leader in quality ingredients, exemplary service, and sustainable operations." This sign is an example of a
- A. mission statement.
 - B. domain name.
 - C. touchpoint.
 - D. vision statement.

22. Which of the following statements about risk management is true:
- A. It helps businesses be proactive, not reactive.
 - B. All business risks are speculative risks.
 - C. Risk offers a possibility of loss, but no gain.
 - D. It increases uncertainty about the future.
23. The five essential functions of supply chain management include planning, sourcing, making, delivering, and
- A. networking.
 - B. recruiting.
 - C. optimizing.
 - D. returning.
24. New legislation has greatly impacted the technology company that Katie works for. Recently, Katie's management decisions have been based on adapting to this new legislation. What factor is most likely influencing Katie's management decisions?
- A. Structural transformations
 - B. Regulatory changes
 - C. Economic factors
 - D. Competition in the industry
25. Which of the following are two characteristics of effective pricing:
- A. Rigid and realistic
 - B. Realistic and competitive
 - C. Competitive and popular
 - D. Popular and rigid
26. Jonathan received capital for his small business after providing collateral and promising to pay the money back. What type of small business capital did Jonathan most likely receive?
- A. Money from an angel investor
 - B. Commercial loan
 - C. Personal seed money
 - D. Funding from a venture capitalist
27. To protect its social media accounts from being hacked, a company should make sure employees
- A. regularly update their computers and software.
 - B. are unable to post on social media.
 - C. use public Wi-Fi networks whenever possible.
 - D. use the same password for different accounts.
28. Elyssa's manager asks her to create a master budget. What type of budget is her manager most likely asking for?
- A. Flexible budget
 - B. Dynamic budget
 - C. Variable budget
 - D. Fixed budget

29. Which of the following actions can lead to a potential safety issue in the workplace:
- A. Excessive exposure to loud noise
 - B. Parking in a nearly full parking lot
 - C. Turning on the air conditioner on a hot day
 - D. Unplugging a laptop when it is fully charged
30. When conducting a competitive analysis, businesses should
- A. determine the market segments their competitors serve.
 - B. focus mainly on the weaknesses of their competition.
 - C. avoid visiting the competitor's website or storefront.
 - D. ignore the benefits their competitors offer.
31. The ABCD Corporation has to pay taxes on its profits. What type of tax does this refer to?
- A. Income
 - B. Payroll
 - C. Excise
 - D. Property
32. A flood has caused damage to a company's inventory warehouse. This is an example of what type of risk that enterprise risk management addresses?
- A. Security
 - B. Legal
 - C. Operational
 - D. Strategic
33. The XYZ Company is creating a business model. What stage of the business life cycle is the company in?
- A. Startup
 - B. Maturity
 - C. Growth
 - D. Decline
34. Knowledge is more _____ than learning.
- A. long-lasting
 - B. attainable
 - C. external
 - D. short-term
35. Which of the following is a way in which customers benefit from effective supply chains:
- A. Increased cash flow
 - B. Heightened transparency
 - C. Higher profits
 - D. Better product availability

36. A bank turned down Brian's loan application, as he did not demonstrate his ability to repay the loan. This describes which of the five Cs of credit?
- A. Collateral
 - B. Conditions
 - C. Capacity
 - D. Character
37. Which of the following is an advantage of segment marketing:
- A. It takes more resources to pull off successfully.
 - B. It is more precise than mass marketing.
 - C. It communicates a broad message to a large audience.
 - D. It is more complex and difficult to produce.
38. A company aims to create 500 items every hour, but its machinery often breaks down and is time-consuming to fix. This scenario demonstrates how _____ affects process design.
- A. customer demand
 - B. human factors
 - C. technology
 - D. the regulatory environment
39. Which of the following statements about financing a startup business is true:
- A. Startup owners should never invest their own money into their business.
 - B. Borrowing money from family or friends is a common way for startups to obtain capital.
 - C. Government grants are not an option for startup companies.
 - D. It is much easier for a startup to receive funding than an established business.
40. Marketers use unique selling propositions (USPs) as part of their _____ strategies.
- A. trading-up
 - B. product differentiation
 - C. bundling
 - D. relationship marketing
41. If a business wants to stay up to date with business and market trends, it should
- A. alter its product mix.
 - B. hire more employees.
 - C. read industry trade journals.
 - D. review its sales history.
42. Which of the following is a typical component of a loan application package:
- A. Driver's license
 - B. Marriage license
 - C. Job description
 - D. Medical records

43. A common mistake while conducting a cost-benefit analysis is
- A. overestimating costs.
 - B. looking too far into the future.
 - C. including intangible costs.
 - D. accounting for as many costs as possible.
44. Which of the following statements best represents a business process redesign:
- A. It is often cheap and quick to implement.
 - B. It does not interrupt workflow or lead to layoffs.
 - C. It improves efficiency by increasing costs.
 - D. It completely overhauls key business processes.
45. Alejandro is a risk-taker who wants to make all the decisions and feels comfortable controlling all aspects of his business. What form of business ownership should he choose?
- A. Sole proprietorship
 - B. Hybrid
 - C. Corporation
 - D. Partnership
46. Which of the following are human resources professionals responsible for:
- A. Selling products to customers
 - B. Marketing services digitally
 - C. Training and developing employees
 - D. Packaging and shipping products
47. Andrea is looking to take a step back from ownership of her restaurant. However, she would still like to be involved with the business. Which of the following would be the best option for Andrea:
- A. Spend more time away from the restaurant
 - B. Open a competing restaurant
 - C. Delegate her tasks to others and micromanage
 - D. Sell the company to an employee
48. As Tim leaves his office building, he sees an advertisement for a local attorney on the side of a bus. On his drive home, he notices a billboard with an ad for a nearby restaurant, as well as a light-up sign promoting a basketball game. He also drove by two individuals holding signs promoting a deal for a cell phone store. Each of these is an example of what type of media?
- A. Broadcast
 - B. Out-of-home
 - C. Social
 - D. Direct
49. Which of the following statements about direct writers in the insurance industry is true:
- A. They are self-employed.
 - B. They work for an insurance company.
 - C. They sell policies of various insurance companies.
 - D. They work on behalf of the policy holder.

50. Which of the following is an example of a variable cost:
- A. Office supplies
 - B. Property taxes
 - C. Employee benefits
 - D. Sales commissions
51. A company's board of directors provides accurate and clear information about its financial performance and conflicts of interest. This describes what principle of corporate governance?
- A. Transparency
 - B. Fairness
 - C. Risk management
 - D. Accountability
52. If a business wants to develop an efficient operating system, its processes must be
- A. easily accessible and unreplicable.
 - B. replicable and tough to access.
 - C. clear and documented.
 - D. complicated and supported by tools.
53. Which of the following is most likely to be included on a monthly to-do list:
- A. Take morning medication and vitamins
 - B. Play in volleyball league every weekend in September
 - C. Attend regular Monday afternoon work meeting
 - D. Pay rent and utilities by the 30th
54. When conducting a SWOT analysis, what is the first thing a business should do?
- A. Brainstorm its strengths
 - B. Consolidate its ideas
 - C. Summarize its opportunities
 - D. Select a SWOT facilitator
55. Which of the following is considered an internal control mechanism for a company:
- A. Separation of duties
 - B. Industry standards
 - C. Government regulations
 - D. Union contracts
56. Which of the following statements about bylaws is true:
- A. They are not influenced by the board of directors.
 - B. They are the governing rules by which a corporation operates.
 - C. They are also known as Articles of Incorporation.
 - D. Their governing rules are consistent from state to state.

57. Which of the following is a way in which entrepreneurs can identify new opportunities:
- A. Talking with vendors, but not with customers
 - B. Focusing solely on their own ideas
 - C. Revising their operating budgets
 - D. Networking with other entrepreneurs
58. Which of the following statements about an employee performance review is true:
- A. Managers should serve as judge and jury of an employee.
 - B. Performance and compensation conversations should be held at once.
 - C. The employee's behaviors and results should be the main focus.
 - D. Managers should inform employees of their review the day of.
59. Food manufacturers often provide recipes on their websites to explain the many ways their products can be used to prepare meals. This is an example of how promotion is used by companies to
- A. inform.
 - B. remind.
 - C. socialize.
 - D. persuade.
60. A company that has a well-designed and organized workflow
- A. has a good public image.
 - B. stays on top of market trends.
 - C. eliminates unexpected interruptions.
 - D. minimizes redundant tasks.
61. Which of the following is a benefit of good corporate governance:
- A. It can keep investors in the dark about a company's direction.
 - B. It divides the interests of shareholders and management.
 - C. It promotes short-term financial viability and opportunity.
 - D. It creates transparent rules and controls.
62. Anna, a public relations manager, is informed that her company experienced a cyberattack that has led to a massive data leak. What is the first thing Anna should do in this situation to manage the crisis?
- A. Take responsibility
 - B. React as soon as possible
 - C. Collect information
 - D. Answer media questions
63. Which of the following is an example of an administrative cost a startup may need to pay:
- A. Trademarks
 - B. Marketing materials
 - C. Business permits
 - D. Software

64. If a business is looking to build strategic relationships, it should
- A. tailor its communication.
 - B. focus on its own needs.
 - C. seek a deal as soon as possible.
 - D. avoid asking questions.
65. Which of the following is an example of an external risk a business may face:
- A. Damaged equipment
 - B. Poor infrastructure
 - C. Economic trends
 - D. Employee performance
66. A business is looking to refocus on its organizational goals by improving its internal processes and company culture and analyzing its internal environment. What business analysis technique is the company using?
- A. SWOT
 - B. MOST
 - C. PESTLE
 - D. CATWOE
67. One way a company can manage its stakeholder expectations is to
- A. set lofty expectations.
 - B. manage each stakeholder the same.
 - C. understand stakeholder needs.
 - D. keep stakeholders out of the loop.
68. A business uses marketing research to determine its typical customer's age, income, education, spending patterns, and social media use. This is an example of how marketing research can be used to
- A. maintain a corporate brand.
 - B. forecast sales and trends.
 - C. develop consumer profiles.
 - D. analyze business sales.
69. Which of the following statements about capital resources is true:
- A. They aid in the creation of products for a short period of time.
 - B. They include assets that are used in the production of goods.
 - C. Money in any form is considered a capital resource.
 - D. All assets are considered capital resources.
70. Which of the following statements about profitability ratios is true:
- A. Lower profitability ratios indicate success at converting revenue to profit.
 - B. Higher profitability ratios are more favorable than lower ratios.
 - C. They include margin ratios but don't include return ratios.
 - D. They assess a company's past performance compared to its projected future performance.

71. Which of the following is a benefit of process thinking:
- A. It helps with setting achievable short-term goals.
 - B. It leads to processes being continually re-examined.
 - C. It focuses on the bigger picture.
 - D. It turns small tasks into larger, more complex tasks.
72. Which of the following is a capital resource:
- A. Gas for delivery trucks
 - B. Tax revenue
 - C. Desktop computers
 - D. Sales representatives
73. Marketers must consider when and from which businesses to buy the product when developing the _____ element of their marketing mix.
- A. price
 - B. promotion
 - C. place
 - D. product
74. Convenience items like candy bars are most likely distributed via _____ distribution.
- A. intensive
 - B. operative
 - C. selective
 - D. exclusive
75. Which of the following aims to regain product value when customers make returns:
- A. Voluntary recall
 - B. Backwards forecasting
 - C. Reverse logistics
 - D. Diminishing returns
76. Which of the following statements about business records is true:
- A. Security measures must be taken to protect business records.
 - B. Access to business records must be shared across a company.
 - C. Business records should never be destroyed.
 - D. All business records in the modern age are digital.
77. If a company wants to protect its symbol or design, which of the following protections for intellectual property should it consider:
- A. Trade secret
 - B. Trademark
 - C. Patent
 - D. Copyright

78. Unemployment rates, investor confidence, and stages of the business cycle are _____ factors that businesses should pay attention to during an environmental scan.
- A. demographic
 - B. economic
 - C. technological
 - D. societal
79. A factor related to social responsibility that keeps quality at the forefront of the modern business world is
- A. retention strategies.
 - B. changing technology.
 - C. globalization.
 - D. environmental issues.
80. Which of the following is an example of customer service that a business can provide:
- A. Free delivery
 - B. Limited returns
 - C. Emergency exits
 - D. Receipts
81. Which of the following is the final step one should take when conducting a feasibility study:
- A. Perform a market analysis
 - B. Present study findings
 - C. Review your work carefully
 - D. Determine whether you should hire a professional
82. Which of the following is an advantage of business partnerships:
- A. Increased competition
 - B. Unlimited liability
 - C. Unlimited capital
 - D. Reduced expenses
83. Which of the following items is most likely to be included in the company description section of a business plan:
- A. The goods the business offers
 - B. The date the business opened
 - C. The founders and their functions
 - D. The company's mission statement
84. Which of the following is a reason for which a company can legally dismiss an employee:
- A. Age
 - B. Misconduct
 - C. Religion
 - D. Retaliation

85. Rebates are different from coupons in that rebates typically
- A. offer a discount at the time of a purchase.
 - B. offer a discount after a purchase is made.
 - C. are easier to use than coupons.
 - D. provide customers with immediate savings.
86. Which of the following is an internal factor influencing a business's buying behavior:
- A. Laws and regulations
 - B. Company structure
 - C. The economy
 - D. Competition
87. Under which of the following conditions should a business conduct a feasibility study:
- A. If it wants to study a certain market
 - B. If it wants to understand its competitors
 - C. If it needs to fully understand a venture's risks and benefits
 - D. If it wants to identify its strengths, weaknesses, opportunities, and threats
88. Marketers often use data to make sure customers are receiving the level of after-sales service they expect. This is an example of how marketing data can be used to
- A. identify problems or issues.
 - B. make budgeting decisions.
 - C. make predictions or forecasts.
 - D. develop pricing strategies.
89. Arna regularly visits her dentist for a routine cleaning. In this scenario, Arna is the dentist's
- A. industrial user.
 - B. distribution channel.
 - C. producer.
 - D. ultimate consumer.
90. Which of the following could lead to a security issue in the workplace:
- A. Using different passwords for work and personal accounts
 - B. Regularly updating the software on your computer
 - C. Clicking email links from an unrecognized email address
 - D. Checking personal social media accounts on your phone
91. What type of vertical marketing system places all elements of a distribution channel under the ownership of a single business?
- A. Exclusive
 - B. Administered
 - C. Corporate
 - D. Contractual

92. Which of the following is a benefit of leasing a facility:
- A. Equity in the property builds over time
 - B. Inability to collect passive income
 - C. Control of the property
 - D. Fixed monthly cost
93. Businesses often take out insurance policies against _____ risks.
- A. speculative
 - B. tangible
 - C. intangible
 - D. pure
94. Which of the following is a disadvantage of enterprise risk management practices:
- A. They only identify risks a company is not aware of.
 - B. They lead to more unexpected risks.
 - C. They increase redundant processes and employee satisfaction.
 - D. They rely heavily on management estimates and inputs.
95. Which of the following is an example of a location risk:
- A. Employee injuries
 - B. Fires
 - C. Earthquakes
 - D. Power outages
96. A company divides its consumers on the basis of their lifestyles and personalities. This company is using _____ segmentation.
- A. psychographic
 - B. geographic
 - C. demographic
 - D. behavioral
97. Conducting a breakeven analysis involves determining the point at which
- A. total costs and total revenue are equal.
 - B. total revenue is higher than total costs.
 - C. total revenue and total costs are inversely proportional.
 - D. total costs are higher than total revenue.
98. When Camilla shows De’Vondre her new logo design, he exclaims, “Wow, this is amazing! I love the colors you chose!” However, De’Vondre actually thinks the colors clash and look terrible. In this situation, De’Vondre failed to
- A. be timely.
 - B. be genuine.
 - C. be personalized.
 - D. match the effort.

99. Purchasing systems can help businesses
- A. promote products.
 - B. increase social media engagement.
 - C. recruit employees.
 - D. maintain efficiency.
100. Before managing change, a company must
- A. review performance.
 - B. define its approach.
 - C. transfer ownership.
 - D. sustain outcomes.

1. C

It requires collateral. Secured business lines of credit require collateral, or anything of value belonging to the borrower which is pledged to the lender to guarantee that the loan will be repaid. When securing a line of credit, the lender places a lien on the collateral, meaning the lender has the legal right to take the borrower's asset if they stop making payments. Secured business lines of credit are easier to get approved than unsecured loans. Unsecured lines of credit don't require collateral, which makes it riskier for the lender. Because of this, unsecured loans often come with higher interest rates.

SOURCE: FI:023 Explain the purposes and importance of obtaining business credit

SOURCE: Goff, K. (2023, December 5). *Types of business lines of credit*. Retrieved January 19, 2024, from <https://www.bankrate.com/loans/small-business/business-line-of-credit-types>

2. A

Prioritizing customer feedback. Companies that are customer-focused have established cultures that aim to meet all of their customers' needs and earn customer satisfaction. In addition, they aim to develop close relationships with their customer base and create a customer-focused strategy. Companies create customer-focused strategies by prioritizing customer feedback, delivering personalized experiences, and enabling employees to go above and beyond. In addition, customer-focused companies are proactive (not reactive) when communicating company changes.

SOURCE: CR:008 Explain management's role in customer relations

SOURCE: Fontanella, C. (2023, July 20). *How to build a customer-focused company, according to 10 people who did*. Retrieved January 11, 2024, from <https://blog.hubspot.com/service/customer-focus>

3. A

Focus on proving the accuracy of financial statements. An external audit looks at the accuracy of a company's financial statements as well as any other practices that could confirm the truthfulness of budget statements. Internal audits focus on a specific area of a company, measure current performance, and look for areas of improvement. Internal audits are conducted by someone within the company on the company's behalf, while external audits are usually conducted by a third party.

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

SOURCE: Caseware. (2023, July 27). *Internal vs. external auditing*. Retrieved January 8, 2024, from <https://www.caseware.com/us/resources/blog/internal-vs-external-auditing>

4. B

Share a plan of action. A proposal is a document that details a plan of action, an idea, or a request for funding; provides a solution to a problem; or suggests a change in operations. By writing proposals, business employees are providing information to management that will help management make decisions. While they might write proposals that deal with the grievance procedure, employees do not write proposals to air grievances. Employees do not write proposals to request a raise; rather, they may write a proposal to request funding for a project. Proposals are not intended to analyze a project's progress.

SOURCE: CO:062 Write proposals

SOURCE: Technical Writer HQ. (2024). *What is proposal writing?* Retrieved January 11, 2024, from <https://technicalwriterhq.com/writing/proposal-writing>

5. C

Everyone—from company leaders to low-level employees. Employees at every level of the business will have valuable input for the SWOT analysis, so make sure to include everyone. And don't forget to look outside your business as well. Suppliers and customers have unique perspectives. However, competitors are unlikely to give unbiased information about your business and therefore should probably not be asked to help with a SWOT analysis.

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

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

6. A

Gaining buy-in is an important aspect of change management. When a change occurs, it is important to get everyone involved to buy into it. One way to do this is to tell people how the change will benefit them, as the company's leadership is doing in this scenario. Change management generally does require a leader to be successful. Changes do not only impact people at the top of a company; they usually impact many or most of the people at a company. Change can negatively affect a company if not managed well, but that is not illustrated in this example.

SOURCE: SM:095 Explain the nature of change management

SOURCE: Kempton, L. (2023, December 20). *Change management process*. Retrieved January 11, 2024, from <https://www.prosci.com/blog/change-management-process>

7. C

It is cost effective. Direct marketing refers to forms of advertising that seek a specific, measurable action from a targeted group of consumers, using direct mail, telemarketing, emails, etc., that are sent directly to a consumer's home or business. Direct marketing is cost effective, as it allows companies to target their audience in a specific way and reach them directly while not having to pay a retailer a percentage of sales. Another advantage of direct marketing is that it allows companies to include a personal touch in their marketing, as they can control their interactions more effectively. A disadvantage of direct marketing is that it can lead to consumer overload. Another disadvantage is that it must conform to legal regulations, as regulations change often and businesses that don't adhere to changes can face stiff penalties and fines.

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

SOURCE: Leonard, K. (2019, March 5). *The advantages & disadvantages of direct marketing & telemarketing*. Retrieved January 10, 2024, from <https://smallbusiness.chron.com/advantages-disadvantages-direct-marketing-telemarketing-54933.html>

8. C

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 the business. Because Amy talks about how much she likes the phone case to her friends, family, and co-workers, this is an example of word-of-mouth marketing. Guerrilla marketing refers to promotional techniques that are unconventional, low-cost, and aim to attract consumers' attention. Grassroots marketing is the process of increasing interest in a product, brand, or idea with the use of a targeted and highly specific audience. Cause marketing involves a collaboration between a nonprofit organization and a for-profit business for a common benefit.

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

SOURCE: Hayes, A. (2022, August 23). *Word-of-mouth marketing: Meaning and uses in business*. Retrieved January 9, 2024, from <https://www.investopedia.com/terms/w/word-of-mouth-marketing.asp>

9. A

Press release. A press release is a written official statement delivered to the media to provide information and make a public announcement. In this scenario, Wes is releasing a press release about his company's new product. Newsletters are messages that provide information of interest to particular groups; they are more informal than press releases. People who receive newsletters are people who have opted to receive them. A blog refers to a website where individuals or organizations share thoughts, ideas, experiences, or information on a regular basis. Social media marketing is the use of social media platforms (such as Facebook and Instagram) to connect with consumers and achieve marketing goals.

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

SOURCE: IPR.org.uk. (2023). *PR tools and techniques*. Retrieved January 10, 2024, from <https://www.ipr.org.uk/pr-tools-and-techniques.html>

10. C

Supply and demand. Factors affecting selling price vary from business to business. Common factors include supply and demand, economic conditions, competition, and costs. Supply and demand are determined by what people want and can afford. For example, when consumer demand for a product increases, producers make more of it, the supply increases, and the selling price goes down. Economic conditions, competition, and costs are all factors affecting selling price, but they are not necessarily determined by what people want and can afford.

SOURCE: PI:002 Explain factors affecting pricing decisions

SOURCE: LAP-PI-902—Make Cents (Factors Affecting Selling Price)

11. D

Because it offers customers complementary products. A business may expand its product mix by adding additional product items or lines. There are a number of reasons why a business may choose an expansion product-mix strategy, including to offer customers complementary products. For example, the Apple Store offers a variety of accessories to go along with its iPhone, including cases, screen covers, and chargers. A company might remove a product from its product mix (contraction) because it has lost appeal to customers. A company may choose to alter the products in its product mix to help limit production costs, as altering existing products is less expensive than developing a new product. Attracting a new target market is a reason why companies might use a trading-up strategy.

SOURCE: PM:003 Explain the concept of product mix

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

12. B

Celebrating together. Celebrating is an important part of team recognition. You probably recall a time when you and a team or group celebrated your success together. Maybe your baseball team had an end-of-season party, or your math class held an end-of-semester celebration. Celebrating together usually means planning an activity everyone can enjoy while taking a moment to reflect on the team's goals and accomplishments. Going public, giving certificates, and written praise are all forms of recognition, but celebrating together is the most important for team recognition.

SOURCE: EI:014 Recognize/Reward others for their efforts and contributions

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

13. B

What makes you a strong candidate for this job? When interviewing a job candidate, employers should focus on the candidate's experience, qualifications, education, and skills rather than their personal life. Asking a candidate why they believe they are a strong candidate for a job focuses on the candidate's experience and qualifications. It is inappropriate and illegal to ask about a candidate's age, marital or family status, citizenship, medical information, race or ethnicity, gender, religion, disability, height, and weight.

SOURCE: HR:355 Interview job applicants

SOURCE: Heathfield, S.M. (2022, September 19). *Illegal job interview questions*. Retrieved January 11, 2024, from <https://www.thebalancemoney.com/job-interview-questions-that-are-illegal-1918488>

14. A

Bring in the right people. One way an entrepreneur can adapt to a changing business environment is to bring in the right people to support them. Entrepreneurs can't do everything by themselves, so it is important they hire talented individuals that can help lighten their workload while also pushing the company forward. It is important for businesses to be proactive rather than reactive when it comes to change. Businesses can be proactive by planning ahead, watching market trends, seeking out information, and asking for help. Rather than accepting advice from everyone and anyone, entrepreneurs should be cautious about who they're getting advice from and should only seek advice from the right people. Entrepreneurs should view challenges as opportunities for growth or puzzles to solve rather than obstacles. Reframing challenges in this way can make it more manageable for entrepreneurs and their team when adapting to change.

SOURCE: EN:033 Adapt to changes in business environment

SOURCE: Prossack, A. (2022, January 28). *How to adapt and thrive in a changing business environment*. Retrieved January 16, 2024, from <https://www.forbes.com/sites/ashiraprossack1/2022/01/28/how-to-adapt-and-thrive-in-a-changing-business-environment>

15. D

Reduce; maximize. Harvesting is a strategy in which a company continues to offer a declining product but reduces its costs as much as possible. Therefore, businesses that use a harvest strategy reduce spending on an established, yet declining, product to maximize profits. Harvesting is typically used toward the end of a product's life cycle when it is deemed that further investment will not boost the product's revenue. It is also used on outdated products while profits are reinvested into newer models or technologies.

SOURCE: EN:035 Describe methods of venture harvesting

SOURCE: Kenton, W. (2021, February 24). *Harvest strategy definition in marketing and investing*. Retrieved January 16, 2024, from <https://www.investopedia.com/terms/h/harvest-strategy.asp>

16. A

Planning. Planning is the management function of deciding what will be done and how it will be accomplished. In this scenario, Mary is planning because she is deciding what work will be done, determining how it will be accomplished, and laying the groundwork for all of the other management functions. Organizing is the management function of setting up the way the business's work will be done. Staffing is the management function of finding workers for the business. Directing is the management function of providing guidance to workers and work projects to achieve goals.

SOURCE: SM:001 Explain the concept of management

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

17. C

Determine the purpose. A market analysis is a systematic study of a specific market. Companies typically conduct market analysis to determine their target market, understand customers' buying habits, and consider their competition, among other reasons. When conducting a market analysis, the first step a business should take is to determine the purpose of the study. Before starting any market research, it is important for businesses to decide on the purpose of their study and whether it is for internal or external purposes. Once companies do this, then they can look at industry standards, pinpoint target customers, consider their competition, etc. One of the final steps of a market analysis is to put it into action.

SOURCE: MP:009 Conduct market analysis (market size, area, potential, etc.)

SOURCE: Kappel, M. (2022, October 21). *How to conduct a market analysis the right way*. Retrieved January 8, 2024, from <https://www.patriotsoftware.com/blog/accounting/how-to-conduct-a-market-analysis>

18. C

Additional help. It is important for startup businesses to understand the advantages and disadvantages that come with bringing on a new employee. One advantage of hiring a new employee is that they provide additional help, which can allow the startup to better divvy up its workload and increase efficiency. Increased profits and happier customers are not necessarily a result or advantage of hiring a new employee. Onboarding and training are advantages for a new employee at a startup, as they educate the employee and get them up to speed on job duties and how the company operates. However, onboarding and training could be a disadvantage for a startup due to the time commitment.

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

SOURCE: Boitnott, J. (2018, April 24). *5 signs it's time to hire your first employee*. Retrieved January 16, 2024, from <https://www.inc.com/john-boitnott/5-signs-its-time-to-hire-your-first-employee.html>

19. D

It is a planned communication. Planned communication means spending time learning about your product and figuring out what makes your customers tick. That way, you know how to demonstrate your products' features in a way that speaks to your particular customers' needs. The time Bradley has spent studying his company's products represents this planning. Selling should enhance future business opportunities, be personalized, and take place to influence purchase decisions, but these aspects are not illustrated by Bradley in this situation.

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

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

20. D

Do-Not-Call registries and ad-blocking software. Do-Not-Call registries and ad-blocking software are both common ways in which people use technology to block advertisers. Spam email filters and premium digital radio or streaming services are also ways consumers can do so. Although DVRs allow you to fast-forward through commercials, they do not fall into this category because you still see the advertisement at a high speed while trying to get back to your show. While watching shows online can be a way to avoid advertisements, most streaming services or websites have advertisements during commercial breaks or on their websites.

SOURCE: PR:007 Explain types of advertising media

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

21. D

Vision statement. A vision statement is a summary of what a business owner wants a business to become, while a mission statement is a summary of what the owner wants a business to be doing. Because Ahmed's goals are articulated as future accomplishments (what the company wants to become), the sign is an example of a vision statement. Touchpoints are the many ways a business interacts with customers. The sign is visible to employees, but not necessarily to customers. A domain name is a business' web address.

SOURCE: PM:126 Build corporate brands

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

22. A

It helps businesses be proactive, not reactive. A risk is the possibility of loss (failure) or gain (success). Risk management involves the planning, controlling, preventing, and limiting of business losses, as well as enhancing possibilities for gain. Risk management helps a business be proactive (not reactive) in facing risk, and it reduces (not increases) uncertainty about the future. All business risks are either pure or speculative. Pure risks bring the possibility of loss or no loss, but no gain. Speculative risks bring the possibility of loss, no change, or gain.

SOURCE: SM:075 Explain the nature of risk management

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

23. D

Returning. There are five essential functions of supply chain management (SCM): planning, sourcing, making, delivering, and returning. It may not be a business function that you think of often, but returning is a vital element of supply chain management. SCM seeks to create a seamless path of products back through a supply chain, from customers to distributors, manufacturers, or even suppliers. This is called reverse logistics. The returning function is unique because it serves a slightly different purpose than planning, sourcing, making, and delivering. Supply chain management's ultimate goal is to meet customer demand, but the goal of returning—or reverse logistics—is to regain product value. Networking, optimizing, and recruiting are not essential functions of SCM.

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

SOURCE: LAP-OP-303—Top of the (Supply) Chain (Nature of Supply Chain Management)

24. B

Regulatory changes. There are many factors that influence management decisions. New legislation is an example of a regulatory change that can significantly impact a manager's decision-making. Structural transformations, economic factors, and competition in the industry are also influential factors, but they are not demonstrated in this example.

SOURCE: SM:028 Describe factors that influence management

SOURCE: Cole-Ingait, P. (2019, April 26). *Factors influencing changes in strategic management*. Retrieved January 11, 2024, from <https://smallbusiness.chron.com/factors-influencing-changes-strategic-management-70223.html>

25. B

Realistic and competitive. No single factor makes an effective price. Marketers must keep a number of characteristics in mind when setting effective prices. These include being realistic, flexible, and competitive. Customers associate price with quality—if the price is high, the quality is high; if the price is low, the quality is low. So, businesses must set prices that are realistic to customers—neither too high nor too low. Because pricing is a tug-of-war and a constant quest for balance, businesses must be willing to adjust their prices as necessary, being flexible—not rigid. Additionally, when a similar product is offered by competitors, a business needs to be aware of the prices others are charging. If not, the business will probably lose customers because its prices are not competitive. Effective prices are not always popular.

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

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

26. B

Commercial loan. A commercial loan is a debt-based funding agreement between a financial institution (such as a bank) and a business. Commercial loans often require collateral from the borrower, or anything of value belonging to the borrower which is pledged to the lender to guarantee that the loan will be repaid. Because Jonathan provided collateral and promised to pay back the money, he most likely received a commercial loan. Personal seed money is money from the business owner or owners. Angel investors and venture capitalists both provide startup money to a new business in exchange for ownership equity in the company. There is no indication that Jonathan used some of his own money or received money from an angel investor or venture capitalist.

SOURCE: FI:043 Determine financing needed for business operations

SOURCE: Ejim, E. (2024, January 1). *What are the different types of small business capital?* Retrieved January 18, 2024, from <https://www.wise-geek.com/what-are-the-different-types-of-small-business-capital.htm>

27. A

Regularly update their computers and software. To protect its social media accounts from being hacked, a company should make sure employees regularly update their computers and software. Software and systems are constantly improving, so keeping up to date on updates can protect the company from bugs, vulnerabilities, or hackers. Employees should not use the same password across different accounts. They should avoid using public Wi-Fi networks and use private or secured networks. 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 January 9, 2024, from <https://www.linkedin.com/advice/0/what-best-ways-protect-your-digital-assets-skills-digital-strategy>

28. D

Fixed budget. A fixed budget may also be referred to as a static budget or a master budget. The most notable feature of a fixed budget is that it does not change. In other words, managers use it as a guideline, but they don't adjust it as the budget period goes along. It can be used to measure profit or performance when it's compared to what's actually happening financially. A flexible budget also goes by the name variable budget or dynamic budget. This budget can be adjusted with changes in activity and used to compare to the fixed budget to see how the company is doing.

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

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

29. A

Excessive exposure to loud noise. Excessive exposure to loud noise is a potential safety issue in the workplace, as it can lead to hearing impairments or other health problems. It is important for employees who are exposed to loud noises to wear protective equipment. Unplugging a laptop when it is fully charged, turning on the air conditioner on a hot day, and parking in a nearly full parking lot would not necessarily lead to safety issues in the workplace.

SOURCE: OP:151 Identify potential safety issues

SOURCE: United States Department of Labor. (n.d.). *Hazard identification and assessment*. Retrieved January 19, 2024, from <https://www.osha.gov/safety-management/hazard-identification>

30. A

Determine the market segments their competitors serve. A competitive analysis is the process of researching a competitor to gain insights into their products, sales, marketing strategies, and more. When conducting a competitive analysis, businesses should determine the market segments their competitors serve, learn about the benefits their competitors offer, understand why customers buy from them, and glean as much information as possible about their products, services, promotion, and prices. When conducting a competitive analysis, businesses should visit their competitor's website and storefront to better learn about their competition and what they have to offer. Businesses should not mainly focus on weaknesses of their competition when conducting a competitive analysis.

SOURCE: MP:012 Conduct competitive analysis

SOURCE: Ward, S. (2018, December 22). *How to write the competitor analysis section of the business plan*. Retrieved January 8, 2024, from <https://www.thebalancemoney.com/how-to-write-the-competitive-analysis-section-of-the-business-plan-2947025>

31. A

Income. Income tax refers to a portion of an individual's or business's earnings owed to the government. Simply put, businesses must pay income taxes on the profits they make, just as individuals are required to do. Because the ABCD Corporation pays taxes on the profits it makes, this refers to income tax. Payroll tax is a tax on employment that is paid by both employers and employees, and it is used to fund Social Security and Medicare in the United States. Excise tax is an indirect tax charged on specific goods, such as gasoline and alcohol. Property tax is a tax based on a percentage of the value of the property owned, and most often applies to real estate.

SOURCE: EC:072 Describe the nature of taxes

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

32. C

Operational. Enterprise risk management (ERM) is an organization-wide strategy to identify, assess, and prepare for potential dangers and hazards that may harm or interfere with an organization's finances, operations, and objectives. ERM addresses several types of risk, including operational, security, strategic, legal, financial, and compliance risk. This scenario is an example of operational risk, which threatens the day-to-day activities required for a company to operate. Security risk threatens a company's physical or digital assets, such as inadequate controls over sensitive customer information stored on network servers. Strategic risk threatens a company's long-term plan. Legal risk threatens a company if it faces a lawsuit or penalty of any sort.

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

SOURCE: Hayes, A. (2022, September 7). *Enterprise risk management (ERM): What is it and how it works*. Retrieved January 10, 2024, from <https://www.investopedia.com/terms/e/enterprise-risk-management.asp>

33. A

Startup. Businesses go through life cycles, which includes everything from their creation to their decline. The startup stage is characterized by research and development, including determining the type of business, how the company will be run, what products or services it intends to sell, etc. Developing a business model is key during the startup stage. The growth stage is where companies distinguish themselves from their competition, as owners look to grow and expand. The maturity stage is when the company is established in the market with a strong management team, and sees consistent annual growth. The decline stage is when the company sees consistent drops in revenue.

SOURCE: FI:339 Describe the financial needs of a business at different stages of its development

SOURCE: Hargrave, M. (2022, December 27). *Life cycle: Definition in business, types, and examples*.

Retrieved January 8, 2024, from <https://www.investopedia.com/terms/l/lifecycle.asp>

34. A

Long-lasting. Learning is the process of being exposed to new concepts and skills; knowledge is the information that is internalized and mastered through learning. Learning does not always lead to knowledge—much of what we learn is forgotten. In this way, learning—not knowledge—is fleeting. Gaining knowledge is a more long-term, internal process because it involves mastering a certain concept or skill. Learning is more attainable than knowledge because learning involves the exposure to new concepts or skills.

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

SOURCE: Chron. (2021, May 25). *Innovation and change in business*. Retrieved January 10, 2024, from

<https://smallbusiness.chron.com/innovation-change-business-1501.html>

35. D

Better product availability. Effective supply chains benefit customers, profitability, and business operations. Better product availability—along with lower prices, fewer product returns, and greater customer satisfaction—are ways in which effective supply chains benefit customers. Increased cash flow and higher profits are ways in which effective supply chains benefit business profitability. Heightened transparency is a way in which effective supply chains benefit business operations.

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

SOURCE: LAP-OP-477—Chain Reaction (Impact of Supply Chains on Business Performance)

36. C

Capacity. The five Cs of credit (character, capacity, capital, collateral, conditions) are used to determine the creditworthiness of potential borrowers. Capacity refers to the applicant's ability to repay a loan, which is determined by comparing their income against recurring debts and assessing their debt-to-income ratio. Because Brian was not able to demonstrate his ability to repay the loan, this situation describes capacity. Conditions can include the purpose of the loan, the applicant's job stability, the amount of money involved, interest rates, etc. Collateral is anything of value belonging to the borrower which is pledged to the lender to guarantee that the loan will be repaid. Character refers to the applicant's credit history.

SOURCE: FI:034 Explain loan evaluation criteria used by lending institutions

SOURCE: Segal, T. (2023, December 15). *5 Cs of credit: What they are, how they're used, and which is most important*. Retrieved January 19, 2024, from <https://www.investopedia.com/terms/f/five-c-credit.asp>

37. B

It is more precise than mass marketing. Segment marketing is the classification of customers into similar groups to appeal to one or more individual segment(s). Segment marketing works because finding out what customers need—and meeting that need—is at the heart of the marketing concept. Plus, when it comes to determining customers' needs, segment marketing is more precise than mass marketing—designing products and directing marketing activities to appeal to the whole market. A disadvantage of segment marketing is that it takes more resources to pull it off successfully. Another disadvantage is that the product is usually more complex, potentially making it more difficult to produce—and requiring more creativity during design and more money during production. Mass marketing communicates a broad message to a large audience, not segment marketing.

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

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

38. C

Technology. Business process design (BPD) refers to the creation of new processes or workflows from scratch to achieve a company's goals. There are several factors that can impact BPD, such as technology. For example, the cost of needed software or hardware can impact BPD. In this scenario, the company's machinery often breaks down and is time-consuming to fix, which negatively impacts the company's process design. This is not an example of how human factors, the regulatory environment, or customer demand affect 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 January 9, 2024, from <https://bizfluent.com/list-7444011-factors-affect-process-design.html>

39. B

Borrowing money from family or friends is a common way for startups to obtain capital. Many startups receive funding from the owner's family members or friends. This is common because family members or friends are much less likely to ask for tax returns, bank statements, and other documents lenders may require. It is much more difficult for startups to receive funding than established businesses, not the other way around. It is common for startup owners to invest some of their own money into their business. Government grants are a great way for startups to receive funding, as there are several federal grant opportunities for small businesses.

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

SOURCE: Arora, R. (2023, August 31). *How to finance a startup business*. Retrieved January 12, 2024, from <https://www.forbes.com/sites/rohitarora/2023/08/31/how-to-fund-a-startup>

40. B

Product differentiation. A unique selling proposition (USP) is an attribute of your product or brand that separates your business from competitors. Marketers use USPs as part of their overall positioning and product differentiation strategies, which make a product appear different from similar products on the market. For example, Amazon's two-day shipping promise has set it apart from other e-commerce sites and has made it one of the most successful companies in the world. Bundling is a marketing strategy that involves offering several products for sale as one combined product. Relationship marketing is a strategy in which businesses spend time with current and prospective clients outside the office setting to enhance the partnership. Trading up is a product-mix strategy in which a business adds a higher priced product or product line to its product mix. Relationship marketing, trading up, and bundling are not necessarily related to USPs.

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

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

41. C

Read industry trade journals. If a business wants to stay up to date with business and market trends, it should read industry trade journals. A trade journal is an industry-specific publication that serves as a valuable resource for professionals to stay up to date on trends within their field. Reviewing its sales history, hiring more employees, and altering its product mix are not ways in which businesses can stay up to date with business and market trends.

SOURCE: EN:003 Assess global trends and opportunities for business ventures

SOURCE: Howarth, J. (2023, December 12). *8 top entrepreneurship trends (2024-2026)*. Retrieved January 12, 2024, from <https://explodingtopics.com/blog/entrepreneurship-trends>

42. A

Driver's license. When creating a loan application package, it is important to gather your personal and financial information. This includes a proof of your identity, which is typically a driver's license or a non-driver ID like a passport or birth certificate. While a loan officer may ask if you are married, they typically do not require you to include a marriage license. Medical records are not a typical component of a loan application package. Although including pay stubs and W-2 forms are an important part of a loan application package, it is not required to include a job description.

SOURCE: FI:033 Complete loan application package

SOURCE: Consumer Financial Protection Bureau. (n.d.). *Create a loan application packet*. Retrieved January 19, 2024, from <https://www.consumerfinance.gov/owning-a-home/prepare/create-a-loan-application-packet>

43. B

Looking too far into the future. It's a mistake to create a cost-benefit analysis that runs too far into the future. Think shorter-term. A reliable cost-benefit analysis will predict no more than six to eight years of results at the most. Overestimating costs is likely a good way to understand where finances may fall in a worst-case scenario and can be useful. Putting a price on intangible costs can also help with planning and is useful. Accounting for as many costs as possible is also more helpful in a cost-benefit analysis, as it is supposed to be comprehensive.

SOURCE: FI:357 Describe the nature of cost-benefit analysis

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

44. D

It completely overhauls key business processes. Business process redesign (BPR) is a complete overhaul of a company's key business processes with the goal of improving key performance measures such as cost reduction and return on investment. A BPR aims to improve efficiency by reducing costs. BPRs may be expensive and time-consuming to implement. BPRs also can lead to layoffs and disrupt workflow.

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

SOURCE: Hayes, A. (2022, December 26). *Business process redesign (BPR): Definition, process, and purpose*. Retrieved January 9, 2024, from <https://www.investopedia.com/terms/b/business-process-redesign.asp>

45. A

Sole proprietorship. Alejandro is a risk-taker who has a high level of independence and control, which means sole proprietorship would be a good option for business ownership. A sole proprietorship experiences higher risks because they have unlimited liability. If he did not feel comfortable making all the decisions, desired input from others, and was not a risk-taker, partnerships, hybrids, or corporations might serve him better.

SOURCE: BL:006 Select form of business ownership

SOURCE: LAP-BL-006—Taking Care of Business (Selecting Forms of Business Ownership)

46. C

Training and developing employees. Human resources management focuses on staffing activities, including planning, recruitment, selection, orientation, training, developing, performance appraisal, compensation, and safety of employees. By training and developing employees, human resources professionals are contributing to business priorities and goals. Packaging and shipping products, selling products to customers, and marketing services digitally are not responsibilities of human resources professionals.

SOURCE: HR:508 Coordinate human, capital, and fiscal resources to meet business priorities

SOURCE: Scott, S. (n.d.). *Role of HR in achieving business goals*. Retrieved January 19, 2024, from <https://smallbusiness.chron.com/role-hr-achieving-business-goals-1767.html>

47. D

Sell the company to an employee. If Andrea wants to take a step back from ownership but still wants to be involved with the restaurant, her best option would be to sell the company to an employee. This is known as an internal exit, or when the business owner sells the organization to an employee. This will allow Andrea to remain involved when the restaurant is sold and steadily transition into a new role with the restaurant. Opening a competing restaurant will not necessarily allow Andrea to take a step back while also staying involved with her current restaurant. Spending more time away from the restaurant would prevent Andrea from staying involved. While delegating her tasks and responsibilities to others is a great way for Andrea to take a step back from ownership, micromanaging the employees or new ownership is not a viable way to stay involved.

SOURCE: EN:036 Evaluate options for continued venture involvement

SOURCE: Half, R. (2022, Nov. 10). *Smooth transition: What happens when a business owner wants to step back?* Retrieved January 16, 2024, from <https://www.roberthalf.com/gb/en/insights/research/smooth-transition-what-happens-when-business-owner-wants-step-back>

48. B

Out-of-home. Out-of-home media are promotional messages that are delivered to consumers when they are away from home. An advertisement on the side of a bus, a billboard, a light-up sign, and people holding signs are all examples of out-of-home media because Tim saw them when he was away from home. Social media are forms of electronic communications through which users build communities, network, share information, etc., such as Facebook, Twitter (now X), or Instagram. Direct mail is a type of advertising media that is different than out-of-home media. Direct mail is a promotional medium that comes to customers' homes and businesses in the form of letters, catalogs, postcards, faxes, folders, and emails. Broadcast media is also a type of advertising media and is made up of television and radio. None of the examples Tim saw were on TV or the radio.

SOURCE: PR:007 Explain types of advertising media

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

49. B

They work for an insurance company. A direct writer is an insurance agent that is employed by a specific company to issue its policies. Direct writers work for an insurance company, whereas independent agents are self-employed and make commissions from selling policies of various insurance companies. Independent agents work on behalf of the policyholder, rather than an insurance company.

SOURCE: FI:082 Obtain insurance coverage

SOURCE: Liberto, D. (2021, July 29). *Direct writer: What it is, how it works, benefits*. Retrieved January 18, 2024, from <https://www.investopedia.com/terms/d/direct-writer.asp>

50. D

Sales commissions. Operating costs are the ongoing, day-to-day expenses of running a business that are not directly related to production. Operating costs that fluctuate with changes in production (e.g., sales commissions) are called variable costs. When a company produces more of a product, variable expenses go up. When a company produces less of a product, variable expenses go down. Operating costs that do not increase or decrease with changes in production are called fixed costs (or fixed expenses). In other words, these are the expenses that must be paid no matter what. Examples of fixed expenses include employee benefits, property taxes, and office supplies and equipment.

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

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

51. A

Transparency. Corporate governance refers to the system of rules, policies, and processes by which a company is controlled and directed. There are many principles a company may use in their corporate governance models, and one of the most common ones is transparency—the quality of being just as one seems and being open and truthful. In this scenario, the board of directors is demonstrating transparency by providing accurate and clear information about its financial performance and conflicts of interest. This scenario does not demonstrate fairness—treating shareholders, employees, etc. fairly and with equal consideration. This scenario does not describe accountability—accepting responsibility for actions and decisions, as well as the results of them. This scenario does not demonstrate risk management—determining all risks and deciding how to best control them.

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

SOURCE: Chen, J. (2023, October 31). *Corporate governance: Definition, principles, models, and examples*. Retrieved January 8, 2024, from <https://www.investopedia.com/terms/c/corporategovernance.asp>

52. C

Clear and documented. A business operating system refers to a company's unique way of doing things, often in the form of a company guidebook that details the what, when, why, and how regarding company policies. This can include how it operates, deals with customers, works in the market, etc. If a business wants to develop an efficient operating system, its processes must be clear, documented, replicable, supported by tools, and easily accessible. Efficient operating systems are not tough to access, complicated, or unreplicable.

SOURCE: OP:022 Establish efficient operating systems

SOURCE: Colan, L. (2015, July 1). *How to successfully build a business operating system for your company*. Retrieved January 22, 2024, from <https://www.inc.com/lee-colan/building-your-business-operating-system.html>

53. D

Pay rent and utilities by the 30th. A to-do list is a list of activities that an individual plans to accomplish during a certain period of time. Paying rent and utilities is an example of something that would be included on a monthly to-do list because it is done once a month. Taking morning medication and vitamins is an example of something that would be included on a daily to-do list, because it needs to occur each day. Attending a regular Monday afternoon work meeting is something that would be included on a weekly to-do list. While the volleyball league occurs over the course of a month, there are games each weekend and therefore would more likely be on a weekly to-do list.

SOURCE: PD:019 Use time-management skills

SOURCE: LAP-PD-019—About Time (Time Management)

54. D

Select a SWOT facilitator. A SWOT analysis investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. This type of analysis is important for businesses because it allows them to focus on specific areas, while also identifying actions that can help build on strengths, minimize weaknesses, maximize opportunities, and confront threats. One of the first things businesses should do when conducting a SWOT analysis is to select a SWOT facilitator. It is often helpful for companies to use an independent facilitator to free up the company's manager, team leader, or project leader to fully participate and not influence the input from others. Once a SWOT facilitator is selected, the business can go forth with brainstorming strengths, consolidating its ideas, identifying its strengths, and summarizing its strengths, weaknesses, opportunities, and threats.

SOURCE: SM:010 Conduct an organizational SWOT

SOURCE: McCarthy, D. (2019, November 13). *How to conduct a SWOT analysis*. Retrieved January 22, 2024, from <https://www.thebalancemoney.com/how-to-conduct-a-swot-analysis-2275929>

55. A

Separation of duties. Internal controls are accounting and auditing processes used by a company to ensure proper financial reporting, prevent fraud, and make sure the company is complying with laws and regulations. Separation of duties is a common internal control a company may use, as it ensures no single individual is in charge of authorizing and recording a financial transaction. Union contracts, government regulations, and industry standards are examples of external controls—any influence from outside a company that impacts how it operates.

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

SOURCE: Kenton, W. (2024, January 17). *Internal controls: Definition, types, and importance*. Retrieved February 2, 2024, from <https://www.investopedia.com/terms/i/internalcontrols.asp>

56. B

They are the governing rules by which a corporation operates. Bylaws refer to the governing rules by which a corporation operates. When a corporation is formed, the board of directors determines the bylaws by creating a single document encompassing all the rules. Bylaws can also be put in place by a society to regulate its citizens and maintain civility. To that end, the governing rules established by bylaws may vary, as corporations are regulated by states. Articles of Incorporation are different than bylaws. Articles of Incorporation are filed to establish a corporation, whereas bylaws are created by a board of directors after a company is formed.

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

SOURCE: Murray, J. (2020, June 30). *What are bylaws?* Retrieved January 8, 2024, from <https://www.thebalancemoney.com/what-are-bylaws-for-a-corporation-398148>

57. D

Networking with other entrepreneurs. An opportunity is a circumstance that presents itself as a favorable means to meet an objective. Entrepreneurs can identify new business opportunities by networking with other entrepreneurs, friends, and business associates; attending trade shows; and keeping up to date with trends. Another way entrepreneurs can identify new opportunities is by talking with both vendors and customers. Rather than focusing solely on their own ideas, entrepreneurs should conduct market research, welcome customer feedback, and listen to ideas from employees. Opportunities can often present themselves at any time, but they usually don't happen while doing tasks such as revising operating budgets.

SOURCE: EN:031 Create processes for ongoing opportunity recognition

SOURCE: Future Learn. (n.d.). *What is opportunity recognition?* Retrieved January 16, 2024, from <https://www.futurelearn.com/info/courses/technology-entrepreneurship-start-a-new-venture/0/steps/45095>

58. C

The employee's behaviors and results should be the main focus. When conducting an employee performance review, managers should evaluate the employee's behaviors and results rather than their traits (attitude, leadership, motivation, etc.). Behaviors and results can be directly observed, whereas traits can be subjective and difficult to evaluate on a fair basis. Rather than the manager serving as judge and jury of an employee during a review, it should be a two-way process where the employee evaluates themselves too. Performance and compensation should not be discussed together during a performance review. Rather, the review should focus on development with a conversation about compensation coming at a later date. Managers should give their employees advanced notice and should schedule the review for a date and time that works well for the employee.

SOURCE: HR:368 Assess employee performance

SOURCE: Gallagher, B.J. (2023, January 24). *The dos and don'ts of performance reviews*. Retrieved January 11, 2024, from <https://www.amanet.org/articles/the-dos-and-donts-of-performance-reviews>

59. A

Inform. Organizations have three major objectives when using promotion to influence customers: to inform, to persuade, and to remind. Many companies use promotion to communicate important information about their products. Promotions that inform customers may also educate them on how to use products to their fullest advantage. For example, food manufacturers often provide customers with useful information, such as recipes on their websites, to explain the many ways that their products can be used to prepare meals. They may also provide information about the natural or healthy qualities of their foods. Promotion can be used by companies to persuade and remind, but neither of these are demonstrated in this example. To socialize is not a use of promotion by companies.

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

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

60. D

Minimizes redundant tasks. There are several benefits for companies that develop well-designed and organized workflows, including minimizing redundant and tedious tasks, as well as creating connections between tasks. A well-designed and organized workflow doesn't necessarily mean the company has a good public image. A well-designed and organized workflow doesn't directly contribute to keeping up with market trends, either. Although a well-designed and organized workflow can limit interruptions, it doesn't eliminate unexpected interruptions. Unexpected interruptions can disrupt any workflow, no matter the company.

SOURCE: EN:027 Explain methods/processes for organizing workflow

SOURCE: Masternak, W. (2024). *Top 5 workflow management tips*. Retrieved January 16, 2024, from <https://www.helpdesk.com/learn/top-5-workflow-management-tips-to-organize-your-work>

61. D

It creates transparent rules and controls. Corporate governance refers to the system of rules and processes by which a company is controlled and directed. Good corporate governance creates transparent rules and controls for a company and guides leadership. It also aligns the interests of a company's stakeholders, which can include shareholders, senior management, customers, suppliers, lenders, the government, and the community. In addition, good corporate governance helps build trust with investors and gives them a clear idea of a company's direction. Good corporate governance promotes long-term financial viability and opportunity, rather than short-term.

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

SOURCE: Chen, J. (2023, October 31). *Corporate governance: Definition, principles, models, and examples*. Retrieved January 9, 2024, from <https://www.investopedia.com/terms/c/corporategovernance.asp>

62. C

Collect information. Crisis management is a public relations (PR) strategy that involves the ongoing management, planning, and coordination of resources in the event undesirable circumstances occur. In this situation, the first thing Anna should do is to collect information. When managing a crisis, it is important for PR professionals to first collect all of the information it can and fact-check it to properly evaluate the threat and determine the initial cause. Taking responsibility, reacting as soon as possible, and answering media questions are steps that PR professionals should take after they collect information.

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

SOURCE: Keyhole. (2023, October 2). *7 steps for effective PR crisis management in 2024*. Retrieved January 10, 2024, from <https://keyhole.co/blog/pr-crisis-management>

63. C

Business permits. Startup costs are all of the expenses involved in setting up a new business or introducing a new product to the market. These include several different cost categories, such as cost of sales, professional fees, administrative fees, technology costs, and sales and marketing costs. Business permits are an example of an administrative cost a startup may need to pay. Software is an example of a technology cost. Trademarks are an example of professional fees associated with a new venture. Marketing materials are an example of marketing costs.

SOURCE: EN:009 Assess start-up requirements

SOURCE: Morah, C. (2022, November 13). *Business startup costs: It's in the details*. Retrieved January 12, 2024, from <https://www.investopedia.com/articles/pf/09/business-startup-costs.asp>

64. A

Tailor its communication. Strategic relationships are successfully formed when both sides share a common vision that they can work toward together. Both parties will be equally motivated to succeed. When looking to build strategic relationships, businesses should tailor their communication to the interests and communication preferences of the other party. By doing this, businesses can ensure their communication in the relationship is effective. While it is important to consider yourself and your needs, it is also important to consider the needs of others, especially in a strategic relationship. Seeking a deal as soon as possible and not asking questions are not ways in which businesses should look to build strategic relationships. Rather, businesses should be willing to take the time to communicate and negotiate with other businesses when seeking a deal, and should ask questions to ensure that they are on the same page.

SOURCE: EI:114 Establish strategic relationships with others

SOURCE: Hendricks, A. (2023). *How to build strategic relationships inside (and outside) of your organization*. Retrieved January 22, 2024, from <https://simplystakeholders.com/build-strategic-relationships>

65. C

Economic trends. External risks are those that come from outside of an organization, which it has no control over. External risks include economic trends, competition in the market, government regulation, and consumer taste changes. Internal risks are risks within a company that it has the power to prevent or mitigate. Examples of internal risks include employee performance, damaged equipment, and poor infrastructure.

SOURCE: RM:094 Assess business risks

SOURCE: Beers, B. (2022, October 31). *How do modern companies assess business risk?* Retrieved January 10, 2024, from <https://www.investopedia.com/ask/answers/061015/how-do-modern-companies-assess-business-risk.asp>

66. B

MOST. MOST is short for Mission, Objectives, Strategies, and Tactics. MOST analysis is a way for companies to retain focus on their goals by analyzing and improving the plans, initiatives, internal processes, company culture, and internal environment of a company. A PESTLE analysis studies the key external factors (political, economic, sociological, technological, legal, environmental) that influence an organization. A SWOT analysis is a marketing tool that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. A CATWOE (Customers, Actors, Transformation Process, World View, Owner and Environmental Constraints) analysis provides a framework for analyzing and defining business stakeholder perspectives.

SOURCE: OP:327 Discuss the nature of business analysis

SOURCE: Adesope, B. (2017, May 10). *Top 5 techniques in business analysis*. Retrieved January 9, 2024, from <https://www.batimes.com/articles/top-5-techniques-in-business-analysis>

67. C

Understand stakeholder needs. One way a company can manage its stakeholder expectations is to understand stakeholder needs and expectations. Doing this will help companies tailor their approach to suit each stakeholder group. Companies should manage stakeholders differently, as projects typically have a range of different stakeholders and, thus, a broad range of expectations. Companies should also keep their stakeholders in the loop. Rather than setting lofty expectations, companies should set realistic expectations with their stakeholders.

SOURCE: EI:113 Determine stakeholder expectations

SOURCE: Kitch, B. (2023, February 24). *10 tips for managing stakeholder expectations*. Retrieved January 11, 2024, from <https://www.mural.co/blog/manage-stakeholder-expectations>

68. C

Develop consumer profiles. Marketing research is the systematic gathering, recording, and analyzing of data about a specific issue, situation, or concern. Marketing research is used to solve specific marketing problems as well as to identify problems that may or may not be readily apparent. For example, a business may use marketing research to determine its typical customer's age, income, education, spending patterns, and social media use to develop a profile of the typical customer. Marketing research can be used to analyze business sales, forecast sales and trends, and maintain a corporate brand, but these are not demonstrated in this example.

SOURCE: IM:010 Explain the nature of marketing research

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

69. B

They include assets that are used in the production of goods. Capital resources refer to the assets that are used to manufacture goods and provide services. These can include tools, machines, equipment, and buildings. A wide range of assets are considered capital resources, but not all assets are capital resources. To be considered a capital resource, an asset must relate to the long-term use of an asset in the production of goods and services. In other words, assets are expected to aid in the creation of products for an extended period of time. Money in any form is usually not considered a capital resource, as it allows for the acquisition of a capital resource rather than being the resource.

SOURCE: EN:020 Identify capital resources needed for the venture

SOURCE: Tatum, M. (2024, January 11). *What is a capital resource?* Retrieved January 16, 2024, from <https://www.wise-geek.com/what-is-a-capital-resource.htm>

70. B

Higher profitability ratios are more favorable than lower ratios. A profitability ratio is a class of financial ratios that measures the ability of a company to make a profit. They indicate how effectively and efficiently a company generates profit and value for shareholders. Higher profitability ratios are more favorable than lower ratios, as they indicate success at converting revenue to profit. Profitability ratios include both margin ratios and return ratios. Profitability ratios are used to assess a company's current performance compared to its past performance.

SOURCE: FI:542 Monitor business's profitability

SOURCE: Hayes, A. (2024, January 29). *Profitability ratios: What they are, common types, and how businesses use them*. Retrieved February 2, 2024, from <https://www.investopedia.com/terms/p/profitabilityratios.asp>

71. A

It helps with setting achievable short-term goals. Process thinking focuses on the steps needed to complete a task. When companies use process thinking, they may encourage their employees to focus on specific tasks in front of them rather than focusing on the bigger picture. To that end, process thinking allows people to set achievable short-term goals rather than focusing too much on the bigger picture. Process thinking breaks down large, complex tasks into small and manageable tasks that can be repeated until expertise is achieved. A con of process thinking is that it can lead to processes being continually re-examined to identify their weaknesses or suitability.

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

SOURCE: Drew, C. (2023, July 11). *What is process thinking? (Examples, pros, and cons)*. Retrieved January 9, 2024, from <https://helpfulprofessor.com/process-thinking>

72. C

Desktop computers. Capital resources are assets that are man-made and are used in the production of other items. Different types of businesses have different capital resources, as a desktop computer is a capital resource for a computer services company just as a grill and kitchen utensils are capital resources for a restaurant. Tax revenue is a fiscal resource, or the financial assets and revenues available to an organization to fund its operations and projects. Sales representatives are human resources, or the people who work for a company to help achieve business goals. Gas for delivery trucks is a natural resource, or items such as gas, oil, and coal that occur naturally in the world.

SOURCE: HR:508 Coordinate human, capital, and fiscal resources to meet business priorities

SOURCE: Bean-Mellinger, B. (2018, October 26). *What are the differences in capital resource, human resource, & natural resource?* Retrieved January 19, 2024, from <https://smallbusiness.chron.com/differences-capital-resource-human-resource-natural-resource-60792.html>

73. C

Place. The marketing mix is a combination of the four elements of marketing—product, price, place, and promotion. The place element can make or break the buying experience. Getting a selected product in the right place at the right time is all about creating convenience for the customer. When developing the place element of their marketing mix, marketers consider when and from which businesses to buy the product. Marketers must also consider price, promotion, and product, but these elements do not consider when and from whom to buy the product.

SOURCE: MP:001 Explain the concept of marketing strategies

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

74. A

Intensive. Intensive distribution means selling a product through every available wholesaler and retailer in a geographic area where consumers might look for it. Marketers use this method when they are attempting to reach the greatest number of consumers possible. Convenience products, like gum and candy bars, are often distributed this way. As a consumer, you want to be able to buy this product easily—you don't want to have to shop around for it. Therefore, marketers will try to make it available wherever you might feel like buying it. Selective distribution means selling a product through a limited number of wholesalers and retailers in a geographic area. Exclusive distribution means selling a product through just one middleman in a geographic area. Operative distribution is a fictitious term.

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

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

75. C

Reverse logistics. Reverse logistics is the backward movement of products through the supply chain, from customers to distributors, manufacturers, or suppliers. Supply chain management's ultimate goal is to meet customer demand, but the goal of returning—or reverse logistics—is to regain product value. Diminishing returns occurs during the second stage of production, when total product continues to increase but at a decreasing rate. Voluntary recall is the act of removing a product from the market and requesting that consumers return, destroy, or stop using the product due to potential risks. Backwards forecasting is a fictitious term.

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

SOURCE: LAP-OP-303—Top of the (Supply) Chain (Nature of Supply Chain Management)

76. A

Security measures must be taken to protect business records. Business records are documents containing information about a business's operations and finances—what it has done with its resources and opportunities. Companies have a responsibility to protect consumers' private information and need to understand that data breaches present a very real business risk. Access to sensitive or confidential information such as customers' or employees' personal information needs to be controlled. Physical records can be secured with locked, controlled physical access. Digital records should be protected with passwords and encryption. Not all business records are digital, even in the modern age. Access to business records should not be shared across a company—only with those who need access. Sometimes it is appropriate to archive or destroy business records.

SOURCE: NF:001 Describe the nature of business records

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

77. B

Trademark. A trademark is a symbol, design, or word used by a producer to identify a good or service and registered with the government to prevent use by others. In other words, a trademark is a brand that is owned by a business, designated by the symbols™ or ®. A copyright is a legal protection of books and other artistic works granted by the government and giving their creators sole rights to them for a certain period of years. A patent is a legal protection of an invention or a process granted by government to its owners for a certain number of years. A trade secret refers to undisclosed or confidential information within a particular business or industry which may be sold or licensed.

SOURCE: EN:013 Select strategies to protect intellectual property

SOURCE: Martin, E.J. (2024). *Everything you need to know about intellectual property*. Retrieved January 12, 2024, from <https://www.uschamber.com/co/start/strategy/how-to-protect-intellectual-property>

78. B

Economic. Six main categories of information are generally included in an environmental scan: demographics, society and culture, competition, government, technology, and the economy. The economy greatly affects businesses and the decisions they must make to satisfy customers and remain profitable. Economic factors that businesses should pay attention to during an environmental scan include unemployment rates, investor confidence, and stages of the business cycle.

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

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

79. D

Environmental issues. Over the past few decades, quality has become more and more important to both customers and businesses. Some of the factors keeping quality at the forefront of the modern business world include changing technology, globalization, and environmental issues. Customers and businesses alike are aware of the need to preserve and protect the environment. Many organizations consider this one of their social responsibilities, and customers expect them to do their part. Quality management should include plans to create environmentally sustainable processes and products. Globalization and changing technology are not necessarily related to social responsibility. Retention strategies are not a factor keeping quality at the forefront of the modern business world.

SOURCE: QM:001 Explain the nature of quality management

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

80. A

Free delivery. A business can offer free delivery to entice customers and improve their experience. Receipts and emergency exits are all necessary or required for a business to operate safely and legally. A limited return policy would not positively impact customers' experiences with a business. Customer service is an "extra" a business provides, not a necessity.

SOURCE: PM:013 Explain the role of customer service in positioning/image

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

81. B

Present study findings. A feasibility study is an organized inquiry into the possible success of a business idea or venture. Typically, the final step of a feasibility study is to present it to the appropriate audience in an appropriate way. Determining whether you should hire a professional is the first step of conducting a feasibility study, followed by writing a description of the proposed project or venture and performing a market analysis. After performing a market analysis, the next steps are to outline the financials, create an organizational plan, assess your technical needs, and review your work carefully. After all of this, then it is time to present the feasibility study.

SOURCE: EN:038 Determine feasibility of venture ideas

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

82. D

Reduced expenses. When individuals and/or businesses combine, expenses are often reduced. For example, expenses may be decreased for promotion, office space, supplies, and utilities. Unlimited liability is a disadvantage of business partnerships. When individuals and/or businesses combine, competition is decreased or eliminated, which is an advantage. Although partners may bring more capital to the business than sole proprietors, the amount of capital is still limited, and lenders may still be reluctant to lend large amounts of money to partnerships.

SOURCE: BL:006 Select form of business ownership

SOURCE: LAP-BL-006—Taking Care of Business (Selecting Forms of Business Ownership)

83. B

The date the business opened. A business plan is a company's business model in written form. It serves as a company's blueprint for success and shows how the business works now and how it is intended to work in the future. There are several sections of a typical business plan, including a cover page, executive summary, table of contents, company description, product(s) offered, and market analysis, to name a few. The date the business opened is information typically found in the company description section. The company's mission statement and its founders and their functions are both included in the executive summary of the business plan—the most important part of a company's business or marketing plan because it gives an overview of the entire document, and is often used to determine whether it is worthwhile to read any further. The goods the business offers is information typically found in the product(s) offered section.

SOURCE: SM:013 Develop business plan

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

84. B

Misconduct. A company can legally dismiss an employee for many reasons, including misconduct, poor performance, and insubordination. Misconduct can include physical violence or threats against other employees, discriminatory behavior in the workplace, attendance issues, and unethical behavior. It is illegal for companies to fire employees based on retaliation, or employees exercising their legal rights (e.g., reporting discrimination, joining a union, filing a worker's compensation claim). It is illegal for companies to fire employees based on their age, religion, gender, etc., as it is discriminatory.

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

SOURCE: The Hartford. (2023). *Acceptable reasons for termination*. Retrieved January 11, 2024, from <https://www.thehartford.com/business-insurance/strategy/employee-termination/valid-reasons>

85. B

Offer a discount after a purchase is made. A rebate is a return of part of the price a customer pays for a good or service, and it is usually offered by the product's manufacturer. Rebates offer discounts after a purchase is made, whereas coupons offer discounts at the time of a purchase. Coupons provide customers with immediate savings, while rebates provide delayed savings. Coupons are typically easier to use than rebates, as customers simply need to present the coupon at the checkout counter or type in a code online. Rebates often require customers to submit a form or proof of purchase.

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

SOURCE: Fripp, G. (2023). *Difference between coupons and rebates*. Retrieved January 10, 2024, from <https://www.marketingstudyguide.com/difference-coupons-rebates>

86. B

Company structure. There are many factors that influence a business's buying behavior. Internal factors include business size and structure, as well as business policies and procedures. For example, a small business probably does not have a purchasing department. Instead, the owner or manager may be in charge of the entire buying process. In large corporations, however, there may be dozens of employees whose jobs are specifically focused on purchasing (professional buyers). B2B marketers take a different approach to each type of business. The economy, competition, and laws and regulations are all external factors influencing a business's buying behavior.

SOURCE: MK:014 Explain factors that influence customer/client/business buying behavior

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

87. C

If it needs to fully understand a venture's risks and benefits. A feasibility study is an organized inquiry into the possible success of a business idea or venture. Feasibility studies are great for businesses that are looking to fully understand the risks and benefits associated with the proposed ventures. If a business wants to understand its competitors, it should conduct a competitive analysis—the process of comparing a business's income statement with that of its competitors to see how it is doing by industry standards. A SWOT analysis investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. If a business wants to study a certain market, it should conduct a market analysis—a systematic study of a specific market.

SOURCE: EN:038 Determine feasibility of venture ideas

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

88. A

Identify problems or issues. Marketers use data to keep an eye out for problems and issues in areas like customer service, vendors/suppliers, salespeople, and the product itself. For example, marketers want to make sure customers are receiving expected levels of after-sales service, and they use data to confirm this is the case. Marketers use data to make budgeting decisions, develop pricing strategies, and make predictions, but these are not necessarily related to customers and customer service.

SOURCE: IM:012 Describe the need for marketing data

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

89. D

Ultimate consumer. A channel of distribution begins with a producer and ends with an ultimate consumer or industrial user. An ultimate consumer is anyone who personally uses a good or service to satisfy their own needs or wants. Because Arna gets her teeth cleaned by her dentist, she is one of the dentist's ultimate consumers. An industrial user is a business that buys materials, services, or goods that will be used to make other goods or used in the operation of the company. A producer makes or provides goods and services. Channels of distribution are the paths, or routes, that goods and services take from the producer to the ultimate consumer or industrial user.

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

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

90. C

Clicking email links from an unrecognized email address. When you receive an email from an unrecognized email address, it is important to proceed with caution. You should not click on the links in the email unless you're able to confirm the email is legitimate and the links are safe. If the email seems suspicious and could be a phishing email, report it to your IT team. Regularly updating the software on your computer and using different passwords for work and personal accounts are ways to protect from security issues in the workplace. Checking personal social media accounts on your phone is not necessarily something that could lead to a security issue in the workplace.

SOURCE: OP:154 Identify potential security issues

SOURCE: Impact Networking, LLC. (2023, February 15). *5 risky employee cybersecurity issues in the workplace*. Retrieved January 19, 2024, from <https://www.impactmybiz.com/blog/risky-employee-cybersecurity-issues-in-the-workplace>

91. C

Corporate. A vertical marketing system is where pieces in the distribution channel—producers, wholesalers, and retailers—work together as a unit to deliver products to final consumers. The three types of vertical marketing systems are corporate, contractual, and administered. A corporate vertical marketing system streamlines the process by bringing all of the elements of the distribution channel under the ownership of a single business. In a contractual vertical marketing system, the pieces of the distribution channel continue to function as individual entities and enter into contractual relationships with other elements in the distribution channels. Administered vertical marketing systems do not employ formal contractual obligation nor corporate ownership of the distribution channel. Rather, one member of the distribution channel has enough power to control the activities of other members of the distribution channel. Exclusive vertical marketing system is a fictitious term.

SOURCE: CM:009 Explain the nature of channel strategies

SOURCE: Dontigney, E. (2019, January 25). *Three types of vertical marketing systems*. Retrieved January 5, 2024, from <https://smallbusiness.chron.com/three-types-vertical-marketing-systems-64258.html>

92. D

Fixed monthly cost. When leasing a facility, you rent the property for a set term and must renegotiate to continue using it. Some benefits of leasing a facility include that it has a fixed monthly cost, it gives you the flexibility to leave the property, and there's an opportunity to receive tax breaks for property expenses. Some disadvantages of leasing are that you have no control of the property and you are unable to collect passive income. Benefits of buying a facility include that it gives you control over the property, equity in the property builds over time, and the asset value appreciates over time.

SOURCE: OP:028 Negotiate lease or purchase of facility

SOURCE: Miller, M. (2023, January 5). *Buying vs leasing commercial real estate: Pros and cons of each*. Retrieved January 22, 2024, from <https://www.valuepenguin.com/small-business/buying-vs-leasing-commercial-real-estate>

93. D

Pure. With pure risk, there are two possibilities—loss or no loss. Either something bad happens or nothing happens. Pure risks are considered insurable risks, meaning that businesses are able to take out insurance policies against them. For example, a business can get auto insurance to protect company vehicles. Speculative risks are not insurable. Tangible and intangible are descriptors more frequently applied to assets in risk management rather than types of risks themselves.

SOURCE: EC:011 Determine factors affecting business risk

SOURCE: LAP-EC-911—Lose, Win, or Draw (Business Risk)

94. D

They rely heavily on management estimates and inputs. Enterprise risk management (ERM) is an organization-wide strategy to identify, assess, and prepare for potential dangers and hazards that may harm or interfere with an organization's finances, operations, and objectives. A disadvantage of ERM is that it relies heavily on management estimates and inputs, which sometimes can be very difficult to accurately predict. ERM identifies risk that a company has been exposed to in the past, and is thus limited in identifying future risk that a company is not yet aware of. ERM benefits a business because it leads to less unexpected risks and greater employee satisfaction, while reducing or even eliminating redundant processes.

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

SOURCE: Hayes, A. (2022, September 7). *Enterprise risk management (ERM): What is it and how it works*. Retrieved January 10, 2024, from <https://www.investopedia.com/terms/e/enterprise-risk-management.asp>

95. C

Earthquakes. Location risks are any type of hazard risks businesses may encounter due to their location. For example, in the United States, companies based in the west coast are more susceptible to earthquakes, whereas companies near the Gulf of Mexico or the Pacific Coast are more susceptible to hurricanes. Fires are an example of building risks. Employee injuries are an example of human risks. Power outages are an example of technology risks.

SOURCE: RM:056 Identify business risks

SOURCE: Davis, M. (2023, July 31). *Identifying and managing business risks*. Retrieved January 10, 2024, from <https://www.investopedia.com/articles/financial-theory/09/risk-management-business.asp>

96. A

Psychographic. Psychographic segmentation is the division of a market on the basis of customers' lifestyles, personalities, attitudes, interests, and values. Demographic segmentation is the division of a market on the basis of its physical and social characteristics (e.g., age group, gender, occupation). Geographic segmentation is the division of a market on the basis of where customers are located. Behavioral segmentation is the division of a market on the basis of customers' responses to a product.

SOURCE: MP:004 Identify market segments

SOURCE: Investopedia. (2024, January 14). Target market: Definition, purpose, examples, market segments. Retrieved February 2, 2024, from <https://www.investopedia.com/terms/t/target-market.asp>

97. A

Total costs and total revenue are equal. A breakeven analysis refers to the process of determining the level at which revenues equal total costs. A breakeven analysis is used to determine the amount of revenue needed to cover total costs. Total costs being higher than total revenue, total revenue being higher than total costs, or total revenue and total costs being inversely proportional do not represent a breakeven analysis.

SOURCE: OP:192 Conduct breakeven analysis

SOURCE: Schmidt, J. (2024). *Break even analysis*. Retrieved January 22, 2024, from <https://corporatefinanceinstitute.com/resources/accounting/break-even-analysis>

98. B

Be genuine. To be most effective, recognition must be genuine. If you really believe in the value of the person's effort, others will pick up on your enthusiasm very easily. The opposite is true, too: If you don't believe in the value of their effort, they'll pick up on the emptiness of your message. Even though De'Vondre said he liked her logo, Camilla is likely to pick up on his true feelings. In this situation De'Vondre's recognition was personalized and timely, and it matched the effort.

SOURCE: EI:014 Recognize/Reward others for their efforts and contributions

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

99. D

Maintain efficiency. A purchasing system refers to the procedures and technology used to streamline the purchase of products and services. Purchasing systems help businesses maintain efficiency determining what to buy, how much to buy, and when to buy it. Simply put, they ensure businesses only make necessary purchases and at reasonable prices. Purchasing systems do not help businesses recruit employees, promote products, or increase social media engagement.

SOURCE: EN:025 Explain the need for business systems and procedures

SOURCE: Hayes, A. (2023, January 21). *Purchasing system in inventory management: Types and examples*. Retrieved January 16, 2024, from <https://www.investopedia.com/terms/p/purchasing-system.asp>

100. B

Define its approach. The initial phase of change management—before managing the change itself—involves creating a plan of action, including defining key concepts such as success, impact, and approach. Transferring ownership, reviewing performance, and sustaining outcomes are all performed in the last phase of change management.

SOURCE: SM:095 Explain the nature of change management

SOURCE: Kempton, L. (2023, December 20) *Change management process*. Retrieved January 11, 2024, from <https://www.prosci.com/blog/change-management-process>