



Competency-Based  
Competitive Events  
\*Written Exam\*

2023 HS ICDC  
Booklet Number \_\_\_\_\_

# Business Management and Administration Cluster Exam

BLTDM - Business Law and Ethics Team Decision Making Event  
HRM – Human Resources Management Series Event

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

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1. Which of the following is often regulated by environmental law:
  - A. Urban development
  - B. The securities market
  - C. Waste management
  - D. The music industry
  
2. Which of the following statements about the settlement of legal matters is true:
  - A. A settlement cannot take place until after a trial.
  - B. Courtroom procedure is necessary to reach a settlement.
  - C. Settling a case is often more expensive than a trial.
  - D. Settling a case can avoid the expense of a trial.
  
3. Once an incident or injury occurs, what is the next step of the litigation process?
  - A. Trial
  - B. Filing a complaint
  - C. Settlement discussions
  - D. Selecting an attorney
  
4. Which of the following is a reason to apply knowledge management processes:
  - A. To promote an affective culture
  - B. To manage information overload
  - C. To increase specialization
  - D. To reduce innovation
  
5. Which of the following statements best represents mediation:
  - A. The parties testify under oath.
  - B. The parties involved agree upon a decision.
  - C. The decision is based on facts, evidence, and the law.
  - D. The judges make the final decision.
  
6. You should use a line graph when
  - A. determining relationships between different groups.
  - B. tracking changes over a period of time.
  - C. comparing parts of a whole.
  - D. charting the pros and cons of an idea.
  
7. When writing a professional email, you should
  - A. keep messages vague.
  - B. always include a subject line.
  - C. leave main points for the end.
  - D. sometimes use textspeak.

8. At the beginning of business calls, callers should always
- A. take a long pause.
  - B. speak casually.
  - C. offer alternatives.
  - D. identify themselves.
9. Which of the following are results of properly using analytical reports:
- A. Improved productivity and enhanced communication
  - B. Improved adaptability and greater independency
  - C. Increased collaboration and decreased adaptability
  - D. Better flexibility and damaged reputation
10. When negotiating terms with vendors, you should
- A. verbalize the agreement without putting it in writing.
  - B. prioritize the short-term.
  - C. avoid compromising with the vendors.
  - D. practice your negotiation tactics.
11. In a written research report, what information will you find in the method section?
- A. The purpose of the report
  - B. The materials generated to collect data
  - C. Charts and graphs of data
  - D. A generalization of the results
12. Which of the following is a consequence of a business using poor or unethical privacy practices:
- A. Increased number of loyal customers
  - B. Improved reputation
  - C. Increased business
  - D. Increased potential of lawsuits and fines
13. A producer supplies an electronics store with 500 smart TVs that are priced at \$200 each. However, only 300 buyers are willing and able to pay that price, leaving the store with 200 extra smart TVs. This is an example of a(n)
- A. equilibrium price.
  - B. excess demand.
  - C. excess supply.
  - D. market-clearing price.
14. The ice cream parlor in your neighborhood was closed today because its freezer broke down. This is an example of what external factor that affects profit?
- A. Demand
  - B. Chance
  - C. The economy
  - D. Pricing

15. A group of coffee shop employees are unhappy with their wages and working conditions, so they decide to go on strike. The employees still show up to the shop for their shifts, but they refuse to work. This is an example of a \_\_\_\_\_ strike.
- A. sick-out
  - B. sit-down
  - C. sympathetic
  - D. wildcat
16. A war that increases production of defense materials is an example of how \_\_\_\_\_ can impact business cycles.
- A. aggregate demand
  - B. climatic changes
  - C. discoveries and innovations
  - D. international relations
17. Andrew and Lila were appointed by the CEO of their company to lead an organization-wide change. Which of the following tips should they remember while implementing the change:
- A. Utilize linear thinking as much as possible.
  - B. Focus primarily on tasks and activities.
  - C. It is OK to instill fear to help reach deadlines.
  - D. It is OK to lose some productivity along the way.
18. Donovan recently received a B on his midterm exam. Although he maintains an A in the class, Donovan was hoping to receive an A on the exam. After class, Donovan asked his teacher if they could go over the questions he answered incorrectly so he could learn how to improve. Which behavior of an achievement-oriented person does Donovan demonstrate?
- A. Taking moderate risks
  - B. Demonstrating leadership
  - C. Asking for feedback
  - D. Being satisfied with the result
19. You know that Dev, one of your team members, is motivated by personal achievement. An effective way to motivate Dev might be to
- A. task him with a project that impacts the community.
  - B. offer him career-advancing opportunities.
  - C. give him a challenging assignment.
  - D. criticize him when he makes mistakes.
20. Julio and Kris want to present two positions while negotiating a new contract: Julio will be reasonable and agreeable, while Kris will be harsh and unreasonable. Which negotiation strategy are they employing?
- A. Deadline driven
  - B. Bargaining
  - C. Limited authority
  - D. Good cop/Bad cop

21. Angie has three reports to finish at work, a board meeting for a charity that she supports, a fitness class, and a dinner out with friends all happening in the same day. Angie could easily get caught up in trying to get all of these tasks done at once, worrying about one while trying to focus on another. Instead, what should she do?
- A. Give up on all stressful tasks
  - B. Pick a task to leave incomplete
  - C. Focus on each task at hand
  - D. Continue trying to multitask
22. Shauna trusts her doctors' opinions about her health because they are medical professionals. Shauna's doctors have \_\_\_\_\_ power.
- A. hierarchy
  - B. coercive
  - C. referent
  - D. expert
23. Insurance premiums are primarily based on the policyholder's
- A. risk profile.
  - B. hobbies.
  - C. college major.
  - D. personality.
24. Personal budgets can be used to
- A. hire new employees.
  - B. find legal loopholes.
  - C. locate investment opportunities.
  - D. identify spending habits.
25. QuickBooks is an example of
- A. accounting software.
  - B. a retirement plan.
  - C. data mining.
  - D. a marketing tool.
26. Which of the following is the formula to calculate price-to-cash flow ratio:
- A. Capital expenditures + Cash flow from operations
  - B. Operating cash flow per share x Current stock price
  - C. Current stock price / Operating cash flow per share
  - D. Cash flow from operations – Capital expenditures
27. Banks and/or credit unions profit from which of the following items when issuing credit cards:
- A. Interest
  - B. Invoices
  - C. Principal
  - D. Stocks

28. Which of the following is an example of tacit knowledge:

- A. Code of conduct
- B. Financial statement
- C. Cupcake recipe
- D. Leadership

29. Which of the following is an example of knowledge that a person could learn:

- A. A customer's name
- B. The date of a meeting
- C. The location of an upcoming conference
- D. How to produce informational videos

30. Tito creates simple instructional videos for various card games. These how-to videos are an example of which of the following types of knowledge:

- A. Implicit
- B. Explicit
- C. Global
- D. Tacit

31. Harley is an excellent graphic designer, but she doesn't want to share her tips and tricks with her team members. She's afraid they'll become better designers than her. Harley's organization is being hindered by her

- A. data privacy.
- B. transparency.
- C. intentionality.
- D. self-interest.

32. To help with knowledge management within their organization, an employee uses a(n) \_\_\_\_\_, which functions as the company's own private internet.

- A. cookie
- B. browser
- C. telephony
- D. intranet

33. As a result of new privacy regulations, businesses that collect or process data have needed to change their processes. This is an example of how businesses often modify processes in response to changes in

- A. the marketplace.
- B. legal requirements.
- C. customer demand.
- D. technology.

34. Helen wants to improve the knowledge management strategies of her organization, so she develops a

- A. discussion group.
- B. crisis management team.
- C. credit union.
- D. community of practice.

35. How can companies practice effective knowledge retention?

- A. Increase the length of meetings
- B. Reduce overhead costs
- C. Conduct exit interviews
- D. Create a new operations manual

36. Arbitration is different than mediation because arbitration is

- A. a non-binding process.
- B. decided by both parties.
- C. a binding process.
- D. conducted with a single mediator.

37. Performing a SWOT analysis is a task that is typically part of the \_\_\_\_\_ marketing function.

- A. channel management
- B. promotion
- C. market planning
- D. selling

38. Ricardo hires a data entry and processing company to do the recordkeeping for his small business. This is an example of

- A. data research.
- B. data migration.
- C. outsourcing.
- D. remote storage.

39. One advantage of using integrated business software is

- A. low initial costs for software.
- B. greater process efficiency.
- C. increased customer churn.
- D. lack of real-time visibility.

40. Which of the following is a goal of a supply chain network design:

- A. To increase potential risks
- B. To increase the length of deliveries
- C. To optimize inventory and working capital
- D. To identify opportunities for spending

41. Which of the following is an advantage of project management software:

- A. It has a steep learning curve.
- B. It is expensive.
- C. It increases time spent working.
- D. It streamlines communication.

42. Which of the following is a data change best practice:

- A. Changing data before receiving approval
- B. Prioritizing independency when making changes
- C. Changing data in only one location
- D. Keeping a record of changes made

43. Critical thinking involves

- A. blind acceptance.
- B. memorizing facts.
- C. making assumptions.
- D. challenging reasoning.

44. Which of the following is an example of failing to maintain a safe work environment:

- A. Keeping a record of work-related injuries
- B. Providing PPE (Personal Protective Equipment)
- C. Keeping hallways filled with boxes and spare supplies
- D. Forbidding drug and alcohol use during work hours

45. Which of the following is an effective preventative measure against workplace violence:

- A. Firing employees via email
- B. A zero-tolerance policy
- C. Only working late at night
- D. Providing alcohol at work events

46. In what stage of project management does the project manager make sure the project is on track?

- A. Monitoring and controlling
- B. Planning
- C. Governance mechanisms
- D. Execution

47. Which of the following statements about maintaining good vendor relations is true:

- A. Communication should happen seldomly.
- B. Establishing trust is a low-priority task.
- C. It's important to create a win-win situation.
- D. Always aim to have the upper hand.

48. Blanket purchase orders generally allow for greater

- A. communication.
- B. flexibility.
- C. profitability.
- D. agreement.

49. Assembly, testing, and packaging fall under what stage of supply chain management?

- A. Delivering
- B. Planning
- C. Sourcing
- D. Manufacturing

50. The primary purpose of business analysis is to

- A. negotiate purchases.
- B. identify solutions.
- C. track inventory.
- D. hire new employees.

51. Tom's supervisor asked him to minimize the number of partially finished goods awaiting completion. What should Tom minimize?

- A. Work-in-progress inventory
- B. Raw materials
- C. Product irregularities
- D. Transit inventory

52. What type of inventory is used for final products?

- A. MRO goods
- B. Work-in-progress
- C. Finished goods
- D. Raw materials

53. When negotiating with a vendor, it is important to

- A. prepare ahead of time.
- B. use deception tactics.
- C. reject compliments.
- D. act as quickly as possible.

54. What is the first step of creating an analytical report?

- A. Choose a format
- B. Identify an issue or question
- C. Gather relevant information
- D. Make recommendations

55. Consumer protection laws are meant to promote fair trade and

- A. intellectual property.
- B. education.
- C. product safety.
- D. democracy.

56. Throughout history, manufacturing plants have used assembly lines to allow teams or employees to specialize in a certain aspect of production, increasing efficiency. This concept is an example of
- A. process thinking.
  - B. cognitive skills.
  - C. system thinking.
  - D. listening skills.
57. Which of the following is mostly likely to appear on a project's work breakdown structure (WBS):
- A. Risk matrices
  - B. Work packages
  - C. Project scope
  - D. Lessons learned document
58. Because knowledge management helps companies make informed and strategic decisions, it can also be considered a kind of \_\_\_\_\_ management.
- A. technology
  - B. human resources
  - C. channel
  - D. risk
59. Why might a company undergo a business process redesign?
- A. To improve overall efficiency
  - B. To increase staff size
  - C. To maintain key processes
  - D. To increase costs and expenses
60. An efficient supply chain often leads to
- A. reduced customer loyalty.
  - B. greater costs.
  - C. better customer experiences.
  - D. slower delivery times.
61. Which of the following is an example of a quality control tool:
- A. QuickTime
  - B. Six Sigma
  - C. QuickBooks
  - D. Microsoft Word
62. The increased availability of GPS devices over the years has improved shipment tracking for many businesses. This is an example of how \_\_\_\_\_ can greatly impact supply chain management.
- A. human resources
  - B. data analytics
  - C. technology
  - D. globalization

63. Before implementing change, an important step in change management is
- A. creating a vision.
  - B. analyzing results.
  - C. reviewing change.
  - D. embedding change.
64. Which of the following statements about the functions of project management software is true:
- A. It eliminates bugs and errors.
  - B. It is limited in time tracking.
  - C. It is helpful for defining a project schedule.
  - D. It doesn't allow for much collaboration.
65. Because they have impacted the availability of goods worldwide, the Russia-Ukraine conflict and COVID-19 lockdowns in China have contributed to
- A. ethnocentric attitudes.
  - B. worldwide ethical governance.
  - C. global supply chain issues.
  - D. multinational corporations (MNCs).
66. It is important to protect valuable items like business photos, customer lists, and websites because they are
- A. equipment.
  - B. digital assets.
  - C. long-term liabilities.
  - D. exports.
67. Which of the following would help businesses keep online accounts, applications, or programs most secure:
- A. Simple passwords
  - B. Two-factor authentication
  - C. Security guards
  - D. Video conferencing
68. Ensuring that customer data is safe helps businesses \_\_\_\_\_ customers.
- A. phish
  - B. build trust with
  - C. educate
  - D. communicate with
69. A team wants to evaluate the success of a recent project. What should the team do first?
- A. Determine what to evaluate
  - B. Gather and analyze data
  - C. Make changes based on results
  - D. Determine lessons learned

70. Ever since Abby has become more organized and goal-oriented, she has been able to stay on task and complete projects in a timely manner. This is an example of how
- A. certain tasks are more important than others.
  - B. time management improves self-confidence.
  - C. it is important to make the most of downtime.
  - D. time management minimizes procrastination.
71. Rowan accepts that not all of the investments she makes will be profitable. Rowan possesses
- A. problem-solving skills.
  - B. risk-taking ability.
  - C. creativity.
  - D. curiosity.
72. Which of the following is an example of a rule that relates to use of property:
- A. School calculators must be signed out.
  - B. Employees must track travel expenses.
  - C. Football players must wear helmets.
  - D. A school prohibits bullying in the hallways.
73. Which of the following job titles is most likely to be found within human resources management:
- A. Project manager
  - B. Call center supervisor
  - C. Recruiter
  - D. Administrative assistant
74. A car company is developing features for a new vehicle. The team decided that it will have satellite radio and seat warmers but will not have a rear-facing camera. This decision-making process is an example of
- A. performing quality assurance.
  - B. developing a project life cycle.
  - C. managing product scope.
  - D. defining activities.
75. Which of the following best describes a work breakdown structure:
- A. Deliverable-oriented diagram
  - B. Analytical report
  - C. Summative assessment
  - D. Contractual agreement
76. The first and most basic step in business process thinking is
- A. establishing a level of vertical integration.
  - B. determining the quality of suppliers.
  - C. understanding the nature of demand.
  - D. planning the research and design phase.

77. Cassie wants members of her project team to understand each other and the project better. What communication skill should she develop to achieve this goal?
- A. Educating
  - B. Questioning and probing ideas
  - C. Persuading
  - D. Fact-finding
78. Project closure is \_\_\_\_\_ step in the project management process.
- A. the last
  - B. an unimportant
  - C. the first
  - D. not a
79. Which of the following is an example of a quality metric:
- A. Accuracy
  - B. Defect frequency
  - C. Precision
  - D. Cost of quality
80. Which of the following tools should be used to categorize risk:
- A. Risk breakdown structure
  - B. Probability and impact matrix
  - C. Risk register
  - D. Tracking
81. Amina needs a tool to help her schedule her project. What should she use?
- A. Gantt chart
  - B. Risk register
  - C. Project charter
  - D. Statement of work
82. Tianna needs a quality kayak that can withstand frequent use for years. In other words, Tianna is looking for a kayak that is
- A. responsive.
  - B. expensive.
  - C. durable.
  - D. methodical.
83. The DMAIC project methodology of Six Sigma involves five steps, including define, measure, analyze, improve, and
- A. count.
  - B. collaborate.
  - C. control.
  - D. cut costs.

84. How can an efficient supply chain impact a business's profitability and cash flow?
- A. Improved efficiencies
  - B. Faster delivery times
  - C. Less confusion and duplication
  - D. Lower costs and higher profits
85. The PDCA cycle is a project planning tool that involves four steps, including plan, do, check, and
- A. agree.
  - B. accept.
  - C. act.
  - D. admire.
86. A manager of a manufacturing plant decides to hold a safety meeting with their team to discuss the dangers of deadly chemicals. The manager is preparing employees for
- A. hazard risks.
  - B. conflicts of interest.
  - C. financial risks.
  - D. security threats.
87. Marla was the last person to leave the office and forgot to lock the doors to the building. Marla is putting her company at risk by
- A. misusing company resources.
  - B. having a conflict of interest.
  - C. being dishonest with her superior.
  - D. not following security protocols.
88. Technology can be used to help risk management systems by
- A. avoiding the escalation of risk.
  - B. reporting information in real time.
  - C. posting on social media.
  - D. writing industry regulations.
89. A business might create a captive insurance company to
- A. insure against highly unlikely risks.
  - B. conduct feasibility studies.
  - C. manage its financial records.
  - D. obtain stable insurance pricing.
90. The manager of a sales team periodically contacts clients to evaluate how their salespeople are managing client relationships. This is an example of \_\_\_\_\_ control.
- A. simultaneous
  - B. concurrent
  - C. feedback
  - D. feedforward

91. A business owner wants to determine whether a recent sales promotion was successful. To do so, they review sales data from the time during the promotion to see if there was an increase in total sales and total revenue. This type of managerial control is known as a \_\_\_\_\_ control.
- A. feedforward
  - B. concurrent
  - C. simultaneous
  - D. feedback
92. When planning, management should create a(n) \_\_\_\_\_ plan in case the main course of action does not succeed.
- A. accounting
  - B. financial
  - C. feasibility
  - D. contingency
93. Harley is deciding how much of her company's budget should go toward sales, marketing, operations, and finance. Harley is
- A. allocating resources.
  - B. delegating authority.
  - C. coordinating activities.
  - D. evaluating results.
94. Which of the following is a common result of understaffing:
- A. Higher wages
  - B. Low morale
  - C. Fewer promotions
  - D. More collaboration
95. Which of the following is a true statement about human resources needs:
- A. They are harder to meet in high-tech industries.
  - B. They depend on management philosophy.
  - C. They are the responsibility of accountants.
  - D. They are the same at every business.
96. Interpersonal communications are the foundation of directing, so the \_\_\_\_\_ must be taken into account.
- A. human factor
  - B. chain of command
  - C. level of authority
  - D. company's goals
97. Which of the following is an effective way to encourage innovation in the workplace:
- A. Order employees to never question authority
  - B. Tell employees to follow the status quo
  - C. Hire employees with diverse perspectives
  - D. Instruct employees to assign themselves projects

98. A core principle of change management is \_\_\_\_\_ change.

- A. communicating
- B. discouraging
- C. resetting
- D. reinforcing

99. How does the use of GPS tracking and chipping impact supply chain management?

- A. It increases spending.
- B. It hinders efficiency.
- C. It complicates the process.
- D. It helps with decision-making.

100. The final step of change management is to

- A. analyze results.
- B. implement the change.
- C. create a vision.
- D. undo the change.

## 1. C

Waste management. Municipal waste and the disposal of hazardous substances such as nuclear waste are often regulated by environmental laws and agencies. The securities market is not related to environmental matters and would be regulated by financial laws. Urban development is regulated by infrastructure and housing laws and is not normally under the purview of environmental laws. It is unlikely that environmental issues would be related to the music industry.

SOURCE: BL:073 Discuss the nature of environmental law

SOURCE: Legal Career Path. (2022). *What is environmental law?* Retrieved September 15, 2022, from <https://legalcareerpath.com/what-is-environmental-law/>

## 2. D

Settling a case can avoid the expense of a trial. Settling a case means ending a legal dispute before the end of a trial. It is a way in which both parties can avoid the expenses of a trial and the risk of potentially greater losses due to a jury verdict. A trial can be a long and expensive process. Even though one or both parties can receive some compensation for the wrong that was committed, settlements are often less expensive than a trial. Lawyers and courtroom procedure are not necessary to reach a settlement.

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

SOURCE: Findlaw. (2016, June 20). *What does it mean to settle a case?* Retrieved December 20, 2022, from <https://www.findlaw.com/litigation/legal-system/what-does-it-mean-to-settle-a-case.html>

## 3. D

Selecting an attorney. Once an incident or injury occurs, the next step of the litigation process is to select an attorney. Once you determine to press charges for the incident or injury, speaking with an attorney can help you with your lawsuit. After selecting an attorney, the next step is pre-filing fact-gathering followed by filing a complaint. Then, settlement discussions or mediation will occur. If the case doesn't settle, it will go to a trial.

SOURCE: BL:160 Describe the litigation process

SOURCE: The Veen Firm, PC. (2022). *Understanding the litigation process.* Retrieved December 20, 2022, from <https://www.veenfirm.com/resources-for-clients/understanding-the-litigation-process>

## 4. B

To manage information overload. Information overload includes the problems created by the presence or availability of too much information, which can cause a person to feel overwhelmed or have difficulty making decisions. Knowledge management—the process of creating, identifying, collecting, organizing, sharing, and using knowledge and knowledge sources for the benefit of the organization or business—helps manage information overload. Knowledge management processes help businesses respond to increased specialization, rather than increasing specialization themselves, and they can support increased innovation. Knowledge management practices are not related to an affective culture (one that tends to readily show emotions).

SOURCE: KM:018 Apply knowledge management processes

SOURCE: Castle, A. (2019, July 15). *Managing information overload through knowledge management.* Retrieved December 19, 2022, from <https://teslagov.com/managing-information-overload-through-knowledge-management/>

## 5. B

The parties involved agree upon a decision. Mediation is a non-binding process in which a neutral third party works to help opposing parties resolve a conflict. In mediation, the neutral third party is a single mediator that helps to facilitate discussion between the involved parties in an effort to come to an eventual resolution. In mediation, the parties control the final outcome. In arbitration, the judges (or arbitrators) decide the outcome. Arbitration is a formal process, as the parties present their case with an attorney and testify under oath. Mediation is an informal process where parties do not testify under oath; rather, they vent feelings, tell their sides of the story, and engage in problem-solving. In arbitration, the decision is based on facts, evidence, and the law. In mediation, the outcome is based on the needs of the parties.

SOURCE: BL:161 Discuss the arbitration/mediation process

SOURCE: FINRA. (2022). *Comparison between arbitration & mediation*. Retrieved December 20, 2022, from <https://www.finra.org/arbitration-mediation/comparison-between-arbitration-mediation>

## 6. B

Tracking changes over a period of time. A line graph displays data points over a certain interval of time. Each data point is connected to create a line that maps the changes in the data during the specified period of time, making this type of graph ideal for analyzing changes over time. An X-Y plot or a bar graph would be best suited for determining relationships between different groups of data. You should use a pie chart when comparing parts of a whole. A T-chart is more effective in evaluating the pros and cons of an idea.

SOURCE: CO:087 Select and use appropriate graphic aids

SOURCE: Graphing Tutorial. (2022). *How to choose which type of graph to use?* Retrieved September 15, 2022, from [https://nces.ed.gov/nceskids/help/user\\_guide/graph/whentouse.asp](https://nces.ed.gov/nceskids/help/user_guide/graph/whentouse.asp)

## 7. B

Always include a subject line. It is important to always include a subject line that is relevant to the topic. This gives the reader an understanding of what the topic is and allows both parties to keep their inbox organized. You should never use textspeak—such as LOL or ROFL—in a professional email. Professional emails should not be vague; they should be as specific as possible so that readers understand what is needed. Main points should generally be stated at the beginning so that readers immediately understand and internalize the main ideas. Oftentimes, readers may “check out” by the end of emails.

SOURCE: CO:090 Write professional emails

SOURCE: Nordquist, R. (2020, April 10). *How to write a professional email*. Retrieved September 14, 2022, from <https://www.thoughtco.com/how-to-write-a-professional-email-1690524>

## 8. D

Identify themselves. On a business call, the caller should always provide their full name and function within the company they represent. This gives the other person essential information and context for the impending conversation. Alternatives should not be offered at the beginning of the conversation; providing alternative means of communication—such as email or text—is normally done at the end of the phone call or in a message if the person does not answer the call. A caller should always speak professionally during a business call. Pauses can be advantageous because they allow the other caller to respond or process information, but they should not occur at the very beginning of a call.

SOURCE: CO:114 Handle telephone calls in a businesslike manner

SOURCE: Obarski, A. (2019, December 4). *Improve your telephone skills*. Retrieved September 15, 2022, from [https://www.zenbusiness.com/blog/telephone-skills/?utm\\_campaign=meetedgar&utm\\_medium=social&utm\\_source=meetedgar.com](https://www.zenbusiness.com/blog/telephone-skills/?utm_campaign=meetedgar&utm_medium=social&utm_source=meetedgar.com)

9. A

Improved productivity and enhanced communication. An analytical report is a business document that uses data to display information leading to a specific conclusion. Businesses use analytical reports to make informed decisions, solve problems, or discover business opportunities. Analytical reports are important for several reasons, as they can lead to improved productivity, enhanced communication, increased collaboration, and improved adaptability (or flexibility). Decreased adaptability, greater independency, and damaged reputation are not results of the proper use of analytical reports.

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

SOURCE: Indeed. (2022, March 17). *How to create an analytical report (And why it's important)*. Retrieved December 21, 2022, from <https://www.indeed.com/career-advice/career-development/what-is-analytical-report>

10. D

Practice your negotiation tactics. Negotiation is the process of one party reaching an agreement with another party to meet specific needs or wants. This is an important part of vendor relations. A good strategy when negotiating terms with vendors is to practice your negotiation. This practice helps you sharpen your negotiation skills and better employ language, silence, and the reading of body language. Agreements should be put in writing, not just verbalized. Reaching compromise is often a strategic arrangement in vendor negotiation. Prioritizing the long term, rather than just the short term, is also important when negotiating with vendors.

SOURCE: OP:337 Negotiate terms with vendors in business

SOURCE: Hudson, M. (2019, November 20). *10 tips on how to negotiate with wholesalers*. Retrieved December 20, 2022, from <https://www.liveabout.com/how-to-negotiate-prices-and-more-2890063>

11. B

The materials generated to collect data. Written research reports aim to research a specific topic or area to collect more information, then to provide that information in an organized manner. After the first page—which includes the name of the institute, the name of the advisor, the names of the participant(s), addresses, etc.—there are six parts of a research report: introduction, method section, results section, discussion, conclusions and recommendations, and reference list. The materials generated to collect data (e.g., interviews and questionnaires), as well as the methods used in the research report, fall under the method section. The purpose of the report is in the introduction, while charts and graphs of data can be found in the results section. A generalization of the results is included in the discussion section.

SOURCE: CO:186 Write research reports

SOURCE: Daniels, R. (2018, January 11). *How to write a business research report*. Retrieved December 21, 2022, from <https://www.businessstudynotes.com/others/business-communication/how-to-write-a-business-research-report>

12. D

Increased potential of lawsuits and fines. Businesses can be sued for millions of dollars after handling customer information inappropriately. A few examples include Equifax, Facebook/Cambridge-Analytica, and Marriott lawsuits. Unethical privacy practices can result in decreased loyal customers, damaged reputation, and loss of business.

SOURCE: CR:017 Explain the role of ethics in customer relationship management

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

13. C

Excess supply. In this scenario, the producer supplied the electronics store with 200 more TVs than its consumers demanded, leaving the store with an excess supply—the situation that exists when supply is greater than demand. Excess demand exists when demand is greater than supply, which is not the case in this scenario. Equilibrium price, also known as market-clearing price, is the point at which the quantity of a product that buyers want to buy is equal to the quantity that sellers are willing to sell at a certain price. Equilibrium price is equal to both the demand price and the supply price.

SOURCE: EC:006 Describe the functions of prices in markets

SOURCE: LAP-EC-906—When More Is Less (Functions of Prices)

14. B

Chance. The three external factors that affect profit are the economy, demand, and chance. In this scenario, the external factor that is influencing the ice cream parlor's profit is chance. The business cannot control surprise events such as the freezer breaking down, a fire, or a power outage. The economy (the system in which people make and spend their incomes) and demand (the quantity of a good or service that buyers are ready to buy at a given price at a particular time) aren't relevant in this scenario because the ice cream parlor is closed for the day. If the ice cream parlor was open, the economy and demand would be potential factors that may affect the amount of profit it makes. Pricing is an internal factor that affects profit, not an external factor.

SOURCE: EC:010 Identify factors affecting a business's profit

SOURCE: LAP-EC-910—Risk Rewarded (Factors Affecting Profit)

15. B

Sit-down. A strike occurs when union members refuse to work. A sit-down strike, also known as a sit-in strike, occurs when employees stay on the job but refuse to work. In many instances, employees will literally sit down and do nothing to demonstrate their protest against management. A wildcat strike occurs when employees refuse to work but do not have the consent of the national union. A sympathetic strike occurs when employees of one local union walk off the job to support another union that is on strike. A sick-out strike occurs when all employees call in sick at the same time.

SOURCE: EC:015 Explain the concept of organized labor and business

SOURCE: LAP-EC-915—Get United (Organized Labor)

16. D

International relations. Some factors are considered external causes of business cycles because they take place outside the economic system. The interaction of our nation with other countries can expand or contract economic activities. For instance, a war or international conflict may increase production of defense materials. While climatic changes, discoveries and innovations, and aggregate demand can impact business cycles, they do not do so through war.

SOURCE: EC:018 Determine the impact of business cycles on business activities

SOURCE: LAP-EC-918—Boom or Bust (Impact of Business Cycles)

## 17. D

It is OK to lose some productivity along the way. While implementing the change in their company, Andrew and Lila should remember that it is OK to lose some productivity along the way. As change leaders, they must expect and prepare for “taking two steps forward and one step back” and even for losing some productivity along the way. Although the loss in productivity could lead to a temporary setback, it will be better long term for the company as things tend to even out and get better with time. Rather than focusing primarily on tasks and activities during the change, they should focus on the people in their organization. They should avoid linear thinking, as businesses and organizations are not static (unchanging). Andrew and Lila should focus on positive outcomes rather than instilling fear about possible negative outcomes.

SOURCE: EI:005 Lead change

SOURCE: LAP-EI-005—Start the Revolution (Leading Change)

## 18. C

Asking for feedback. Donovan asking his teacher to go over the questions he answered incorrectly so he could learn how to improve demonstrates asking for feedback. Achievement-oriented people rely heavily on feedback from their superiors and coworkers. They want to know how they're doing and to get suggestions on how to improve. They're not afraid to ask for input or to accept constructive criticism. An achievement-oriented person is not satisfied with their current results or performance. In this case, Donovan isn't necessarily taking a moderate risk or demonstrating leadership.

SOURCE: EI:027 Develop an achievement orientation

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

## 19. C

Give him a challenging assignment. People who are driven to reach certain levels of achievement in their careers will be most motivated by accomplishing challenging tasks or assignments. Therefore, Dev, who is motivated by personal achievement, will likely be best motivated by a challenging assignment from you. The question does not indicate the possibility that Dev is motivated by a promotion or by making an impact. Criticizing a team member will not be an effective motivator and will in fact be highly demotivating for them.

SOURCE: EI:059 Motivate team members

SOURCE: LAP-EI-059—Raise Them Up (Motivating Others)

## 20. D

Good cop/Bad cop. Julio and Kris are employing the good cop/bad cop negotiation strategy, in which one person is reasonable and agreeable, while the other person in the same group is unreasonable. This allows them to present two positions, making the reasonable one much more attractive to the other side. Julio and Kris are not using limited authority, bargaining, or deadline driven strategies.

SOURCE: EI:062 Demonstrate negotiation skills

SOURCE: LAP-EI-062—Make It a Win-Win (Negotiation in Business)

## 21. C

Focus on each task at hand. Angie should exclusively focus on the task at hand and then "close the door" on other tasks until she is ready to focus on them, a process called compartmentalization. Trying to multitask might cause Angie to make a mistake or not complete a task to the best of her ability. Picking a task to leave incomplete or giving up on all stressful tasks are not as ideal solutions as focusing on each task at hand.

SOURCE: EI:077 Manage commitments in a timely manner

SOURCE: LAP-EI-077—Commit to It (Managing Commitments in a Timely Manner)

22. D

Expert. Expert power comes from a person's unique expertise in a subject area. When an individual possesses in-depth information or knowledge of a specific topic, people generally trust and respect that person as a source of guidance and leadership. For example, doctors and medical professionals are often seen as trusted resources for advice on a variety of health topics. When people are able to attract the loyalty and respect of others, they have referent power. Coercive leaders often rely on bullying and threats to influence people, which can lead to fear, dissatisfaction, and resentment among followers. Hierarchy power is a fictitious term.

SOURCE: EI:135 Use power appropriately

SOURCE: LAP-EI-135—Power Play (Using Power Appropriately)

23. A

Risk profile. A person's insurance premiums are primarily based on their risk profile, which is a combination of a variety of factors that evaluates the amount of risk that the insurance company would be taking on. A policyholder's college major would have little influence on their insurance premiums. While one's hobbies or personality could have some connection to their insurance premium, they are not primary factors when determining a premium.

SOURCE: FI:081 Describe the concept of insurance

SOURCE: Potter, C. (2022, September 14). *What is insurance?* Retrieved September 14, 2022, from <https://www.investopedia.com/terms/i/insurance.asp>

24. D

Identify spending habits. By periodically planning out their income and expenses, individuals can identify where they are spending unnecessarily and where they should be spending more. While budgeting can lead to more funds, which in turn lead to more investment opportunities in the future, budgets themselves cannot be used as investment tools. Corporate budgets can sometimes plan for the hiring of new employees, but a personal budget would not incorporate such a factor. Budgets cannot be used to find legal loopholes.

SOURCE: FI:270 Explain the need to save and invest

SOURCE: Caldwell, M. (2021, December 4). *How to make money work for you.* Retrieved September 14, 2022, from <https://www.thebalancemoney.com/top-ways-to-make-your-money-work-for-you-2385954>

25. A

Accounting software. QuickBooks is an accounting program that can be used for functions such as processing accounts receivable and accounts payable. QuickBooks is not an example of a marketing tool, a plan for retirement, or data mining.

SOURCE: FI:352 Explain the use of technology in accounting

SOURCE: Madison, N. (2022, August 16). *What are the different types of accounting software?* Retrieved September 14, 2022, from <https://www.wisegeek.com/what-are-the-different-types-of-accounting-software.htm>

26. C

Current stock price / Operating cash flow per share. The price-to-cash-flow (P/CF) ratio is a multiple that measures the value of a stock's price to its operating cash flow per share. The formula for calculating P/CF is current stock price divided by operating cash flow per share ( $P/CF = \text{Current stock price} / \text{Operating cash flow per share}$ ). Cash flow from operations – Capital expenditures is the formula for free cash flow, which represents the cash a company generates after accounting for cash outflows repaid to creditors and as dividends and interest to investors.

SOURCE: FI:541 Interpret cash-flow statements

SOURCE: Hayes, A. (2022, March 21). *Price-to-cash flow (P/CF) ratio? Definition, formula, and example.* Retrieved December 21, 2022, from <https://www.investopedia.com/terms/p/price-to-cash-flowratio.asp>

27. A

Interest. The majority of revenue for mass-market credit card issuers comes from interest payments, which accumulate when a balance carries over from month to month. The principal is the original sum of money which is lent by the bank or credit union to the customer. Stocks are not related to companies profiting from credit cards. Invoices are documents provided to the buyer from the seller to collect payment. These are meant to track and document agreed-upon payments and do not actually yield any profit for the seller.

SOURCE: FI:782 Calculate the cost of credit

SOURCE: Pritchard, J. (2022, March 27). *Calculate credit card and payment costs*. Retrieved September 14, 2022, from <https://www.thebalancemoney.com/calculate-credit-card-payments-and-costs-315644>

28. D

Leadership. Tacit knowledge is hard to grasp. It is knowledge an individual possesses that is difficult to transfer to others either verbally or in writing. Tacit knowledge is gained through some sort of experience. For example, effective leadership, which requires skill in communication and emotional intelligence, can be hard to teach without hands-on-practice. A cupcake recipe, code of conduct, and financial statement are all examples of explicit knowledge—knowledge that can be easily communicated to others or readily captured and stored in some type of document or database.

SOURCE: KM:001 Explain the nature of knowledge management

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

29. D

How to produce informational videos. Learning how to produce informational videos is an example of receiving knowledge—the intangible combination of human experiences, insights, and intuitions that provide structure for interpreting and reacting to the world around you. Learning the location of an upcoming conference, the date of a meeting, or a customer's name are all examples of receiving information (facts and data). Combined with knowledge, these pieces of information could help an employee better accomplish their work tasks.

SOURCE: KM:001 Explain the nature of knowledge management

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

30. B

Explicit. Explicit knowledge is knowledge that can be easily communicated to others or readily captured and stored in some type of document or database. Examples include instructional manuals and how-to videos. Tacit knowledge, on the other hand, is knowledge that is difficult to transfer to another person verbally or in writing. Implicit knowledge is another name for tacit knowledge. Global knowledge is not a widely recognized phrase or type of knowledge.

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

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

31. D

Self-interest. While the benefits of sharing knowledge are undeniable, sometimes it can be tempting to keep personal knowledge to yourself. While these feelings are understandable, it is much more beneficial for the organization to have multiple people with graphic design skills. Sharing your knowledge will make a better overall product, and it demonstrates respect and integrity for others and the entire organization. Remember, another person's accomplishment or success does not diminish your own. This situation does not involve intentionality or data privacy. Transparency is maintaining open and truthful communications.

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

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

32. D

Intranet. An intranet is a computer network that is restricted to the organization it serves, functioning as an internal internet. An intranet is a useful tool for sharing knowledge within an organization. It connects employees not only to each other, but to all the information and knowledge that is hosted on its server. An intranet can be home to internal email, important documents, spreadsheets, photos, databases, etc. Cookies are mechanisms used by websites to track users' browsing histories. Internet telephony is technology that allows users to communicate over the internet rather than through traditional public networks. A browser is software used to access and display web pages. Cookies, telephony, and browsers are not typically used for knowledge management.

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

SOURCE: Knowledge Management Tools. (2018, July 23). *The intranet & extranet*. Retrieved December 19, 2022, from <https://www.knowledge-management-tools.net/intranet-and-extranet.php>

33. B

Legal requirements. Businesses may need to change their processes in response to a variety of changes, including changes to the marketplace, legal or regulatory requirements, customer demand, and technology. Changes to legal or regulatory requirements—such as those dealing with privacy and personal data—can cause businesses to change their processes so they remain compliant with laws. This is not an example of businesses changing processes in response to changes in the marketplace, technology, or customer demand.

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

SOURCE: Wilkins, J. (2020, August 13). *Businesses processes and change – Reasons, drivers, and considerations*. Retrieved December 15, 2022, from <https://info.aiim.org/aiim-blog/business-process-change-drivers-and-considerations>

34. D

Community of practice. Communities of practice are diverse groups of employees across the organization who regularly meet to share knowledge and communicate with one another to encourage knowledge management practices. Because Helen wants to improve the knowledge management strategies of her organization, she develops a community of practice. Crisis management is a public relations strategy. A discussion group is a number of individuals who share ideas and opinions. A credit union is a financial institution. Crisis management, credit unions, and discussion groups are not directly related to knowledge management.

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

SOURCE: Knowledge Management Tools. (2018). *Organizational learning and communities of practice*. Retrieved December 19, 2022, from <https://www.knowledge-management-tools.net/communities-of-practice.php>

35. C

Conduct exit interviews. Exit interviews help companies better understand their employee's perspectives toward their work and the company itself. In addition, exit interviews can help uncover issues within the organization and provide new ideas to management. All of these benefits contribute toward a company retaining knowledge. The length of company meetings does not correlate to a company's overall knowledge retention. A new operations manual can provide new knowledge to an organization but does not normally lead to increased knowledge retention. Knowledge retention is not tied to the cost of a company's overhead.

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

SOURCE: Hill, J. (2018, February 18). *How knowledge harvesting can help your business*. Retrieved December 28, 2022, from <https://bloomfire.com/blog/knowledge-harvesting-need/>

36. C

A binding process. Arbitration is the act of settling a dispute by using an uninvolved third party, usually a group of three people known as arbitrators. Arbitration is typically a binding process that replaces a full trial process with multiple chosen people to judge the case based on facts and evidence. Mediation is a non-binding process in which a neutral third party works to help opposing parties resolve a conflict. In mediation, the neutral third party is a single mediator that helps to facilitate discussion between the involved parties in an effort to come to an eventual resolution. In mediation, the parties control the outcome, while the arbitrators decide the outcome in arbitration.

SOURCE: BL:161 Discuss the arbitration/mediation process

SOURCE: Findlaw. (2019, November 12). *Mediation vs. arbitration vs. litigation: What's the difference?*

Retrieved December 20, 2022, from <https://www.findlaw.com/adr/mediation/mediation-vs-arbitration-vs-litigation-whats-the-difference.html>

37. C

Market planning. The market planning function aims to create strategies to attract the target customer to a business. This includes procedures such as performing a SWOT analysis, which is a marketing tool that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. The channel management, selling, and promotion marketing functions would not typically include a SWOT analysis.

SOURCE: MK:002 Describe marketing functions and related activities

SOURCE: LAP-MK-002—Work the Big Seven (Marketing Functions)

38. C

Outsourcing. Asking an outside firm to handle financial information is an example of outsourcing. Data migration is the act of moving data from one format or medium to another. A data processing firm could provide data research, but there is no indication Ricardo enlisted the firm to perform any. There is no indication that the records would be stored remotely, or far from the business.

SOURCE: NF:001 Describe the nature of business records

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

39. B

Greater process efficiency. Integrating business software applications into a uniform database or system increases efficiency and reduces extraneous labor that would normally be needed in everyday business operations. Low initial costs are not an advantage of using integrated business software because initial costs are normally high. Customer churn and a lack of real-time visibility are not advantages—they are business challenges that integrated software helps manage.

SOURCE: NF:088 Use an integrated business software application package

SOURCE: Schwarz, L. (2022). *Benefits of an integrated business software system*. Retrieved September 12, 2022, from <https://www.netsuite.com/portal/resource/articles/software-system.shtml>

40. C

To optimize inventory and working capital. Supply chain network design is a model that outlines the overall framework of a supply chain to assess the costs and time required to bring goods to the market. It helps businesses spot inefficiencies and potential risks throughout the supply chain. The main goal of supply chain design is to optimize inventory, working capital, and logistics costs. Supply chain design also identifies opportunities for cost savings (not spending) and reduces (not increases) potential risks. It also ensures that products and services are delivered on time and in a cost-effective manner.

SOURCE: OP:479 Describe supply chain networks

SOURCE: GEP Blog. (2022, June 14). *Supply chain network design explained*. Retrieved December 21, 2022, from <https://www.gep.com/blog/strategy/supply-chain-network-design-explained>

41. D

It streamlines communication. Project management software is software used for project planning, scheduling, change management, and resource allocation. One of the biggest advantages of project management software is that it streamlines communication. When working on a project, it allows for team members to communicate and view each other's progress within the system. It also allows for multiple users to collaborate on one project in real time. Other advantages of project management software are that it improves productivity and saves time—rather than increasing time spent working. Two disadvantages of project management software are that it is expensive and it can present employees with a steep learning curve.

SOURCE: NF:130 Utilize project-management software

SOURCE: Johnson, S. (2022, October 18). *How project management software can improve your business*. Retrieved December 21, 2022, from <https://www.businessnewsdaily.com/15883-project-management-software.html>

42. D

Keeping a record of changes made. When making changes to data or a data set, it is important to keep a record of the changes made. Keeping a record of changes made can serve as a good reference for future use of the data and will allow others to see what changes were made. Rather than changing data in only one location, you should change it in all locations. Another best practice is to submit change requests to an administrator for approval before making the change. When making changes to data, it is important to prioritize collaboration rather than independency.

SOURCE: NF:264 Adhere to data change best practices

SOURCE: Miya, A. (2020, December 14). *4 data management best practices*. Retrieved December 21, 2022, from <https://www.searchdiscovery.com/blog/4-data-management-best-practices>

43. D

Challenging reasoning. Critical thinking means asking probing questions, being skeptical, and challenging assumptions. Blindly accepting preestablished ideas and memorizing facts are not critical thinking. Critical thinkers do not make assumptions—they challenge them.

SOURCE: NF:278 Draw conclusions based on information analysis

SOURCE: QuillBot. (n.d.). *Chapter 7: Critical thinking and evaluating information*. Retrieved September 12, 2022, from <https://quillbot.com/courses/effective-learning-strategies/chapter/chapter-7-critical-thinking-and-evaluating-information/>

44. C

Keeping hallways filled with boxes and spare supplies. It is important to keep hallways cleared of objects so that employees can exit safely in the event of an emergency. Providing PPE (Personal Protective Equipment), forbidding drug and alcohol use, and keeping a record of work-related injuries are all examples of properly maintaining a safe work environment.

SOURCE: OP:008 Maintain a safe work environment

SOURCE: OSHA. (2022). *OSHA worker rights and protections*. Retrieved September 12, 2022, from <https://www.osha.gov/workers>

45. B

A zero-tolerance policy. One of the best protections employers can offer their workers is to establish a zero-tolerance policy toward workplace violence. This policy should cover all workers, patients, clients, visitors, contractors, and anyone else who may come in contact with company personnel. Serving alcohol and working late at night are factors that contribute to workplace violence, not prevent it. Firing employees via email rather than in person will not protect against workplace violence; terminations done through email can be perceived as disrespectful and could lead to increased conflict.

SOURCE: OP:152 Follow established security procedures/policies

SOURCE: OSHA. (2017, March 13). *Workplace violence*. Retrieved September 12, 2022, from  
<https://www.osha.gov/workplace-violence>

46. A

Monitoring and controlling. In the monitoring and controlling phase, the project manager makes sure the project is on track and makes any necessary corrections. In the planning stage, a work breakdown structure (WBS) is created, governance mechanisms are put in place, and a risk analysis is conducted. The actual work of the project takes place during the execution stage.

SOURCE: OP:158 Explain the nature of project management

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

47. C

It's important to create a win-win situation. A vendor is a supplier of goods. Many businesses depend on vendors, so maintaining good vendor relations is crucial to business success. When interacting with vendors, it's important to create a win-win situation, where both parties benefit. Ultimately, businesses and vendors should strive to develop a mutually beneficial partnership instead of trying to have the upper hand and exploit the other party. Part of good vendor relations is establishing trust, which should be a priority, and communicating often.

SOURCE: OP:241 Maintain vendor/supplier relationships

SOURCE: Kissflow. (2022, August 28). *A guide to modern vendor relationship management*. Retrieved December 20, 2022, from <https://kissflow.com/procurement/vendor-management/vendor-relationship-management/>

48. B

Flexibility. Blanket purchase orders are made when a certain good or service is needed, but the schedule and amount is uncertain. They anticipate the need of goods and services over a set period. This provides both the purchaser and supplier more flexibility to arrange purchase orders and adjust pricing and scheduling as needed. There is not one specific type of purchase order that leads to increased profitability, communication, or agreement. All of these are benefits of purchase orders, but they are not features exclusive to blanket purchase orders.

SOURCE: OP:250 Describe types of purchase orders

SOURCE: Poskitt, C. (2019, September 27). *The know-it-all guide to purchase orders*. Retrieved January 4, 2023, from <https://www.turbinehq.com/blog/guide-to-purchase-orders#Chapter-4>

49. D

Manufacturing. Supply chain management has five stages: planning, sourcing, manufacturing, delivering, and returning. During the manufacturing stage, companies use machinery and labor to turn raw materials into final products, a process that typically involves assembly, testing, and packaging. These tasks are not generally found within the delivering, sourcing, or planning stages of supply chain management.

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

SOURCE: Fernando, J. (2022, July 7). *Supply chain management (SCM): How it works and why it is important*. Retrieved December 20, 2022, from <https://www.investopedia.com/terms/s/scm.asp>

50. B

Identify solutions. Business analysis is a structured and quantitative approach to studying and improving business processes. At its core, business analysis intends to find solutions to business problems and implement change. Hiring employees, negotiating purchases, and tracking inventory are all business processes that are linked to business analysis—and can even be improved by business analysis—but they are not the primary goal of business analysis.

SOURCE: OP:327 Discuss the nature of business analysis

SOURCE: Martin, M. (2022, December 31). *What is business analysis? Process & techniques*. Retrieved January 3, 2023, from <https://www.guru99.com/business-analysis-process-techniques.html>

51. A

Work-in-progress inventory. Inventory is all the stock of goods that a business has on hand. Work-in-progress (WIP) inventory is partially finished goods awaiting completion—essentially, works in progress. Therefore, when Tom's supervisor asked him to minimize the number of partially finished goods, they asked Tom to minimize WIP inventory. Raw materials are items in their natural state or condition. Transit inventory includes goods that have been completed and shipped to a seller, but have not yet reached a buyer. Product irregularities may describe a good but are not a type of inventory.

SOURCE: OP:336 Discuss types of inventory

SOURCE: Hayes, A. (2022, May 20). *Work-in-progress (WIP) definition with examples*. Retrieved December 15, 2022, from <https://www.investopedia.com/terms/w/workinprogress.asp>

52. C

Finished goods. Finished goods inventory is used after the manufacturing process when products are ready to be sold on the market. Raw materials inventory is used to store materials purchased by the manufacturer to make a specific product. Work-in-progress inventory is used for partly processed raw materials or products that are in the middle of production. These are also called semi-finished goods. MRO (Maintenance, Repair, and Operating) goods are used for the actual production methods and tools, and not the final product itself.

SOURCE: OP:336 Discuss types of inventory

SOURCE: Borad, S.B. (2017, January 2). *Types of inventory/stock*. Retrieved January 4, 2023, from <https://efinancemanagement.com/costing-terms/types-of-inventory-stock>

53. A

Prepare ahead of time. Negotiating is the process of one party reaching an agreement with another party to meet specific needs or wants. When negotiating with a vendor, it's important to prepare ahead of time. When you know more about a supplier and their products, you are better able to negotiate and strike a deal that benefits both of you. Using deception tactics (such as bluffing or falsifying) is often detrimental to negotiations. Rejecting compliments won't necessarily help you with successful negotiation. You should take your time—rather than acting as quickly as possible—when negotiating with a vendor.

SOURCE: OP:337 Negotiate terms with vendors in business

SOURCE: Hudson, M. (2019, November 2). *10 tips on how to negotiate with wholesalers*. Retrieved December 19, 2022, from <https://www.liveabout.com/how-to-negotiate-prices-and-more-2890063>

54. B

Identify an issue or question. An analytical report is a business document that uses data to display information leading to a specific conclusion. The first step of creating an analytical report is to identify an issue or a question. The issue or question is the main topic of the report and can help you create an outline. The next step is to gather relevant information, followed by choosing a format. Then, you will add charts and other elements and use design practices. The final step is to make recommendations.

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

SOURCE: Indeed. (2022, March 17). *How to create an analytical report (And why it's important)*. Retrieved December 21, 2022, from <https://www.indeed.com/career-advice/career-development/what-is-analytical-report>

55. C

Product safety. One of the purposes of consumer protection laws is to ensure that companies are offering safe and reliable products to customers. Consumer protection laws mainly regulate the activities of businesses and manufacturers and do not oversee the education system. Similarly, they are not connected to politics and, therefore, do not promote democracy. While there are laws that protect intellectual property, consumer protection laws mainly seek to protect customers, not business.

SOURCE: OP:339 Discuss legal considerations in operations

SOURCE: Bonner, M. (2019, September 5). *How consumer protection laws affect businesses*. Retrieved December 28, 2022, from <https://www.thebalancemoney.com/how-consumer-protection-laws-affect-businesses-4161325>

56. A

Process thinking. Process thinking is a step-by-step-oriented focus that aims to maximize efficiency by standardizing operating procedures and specializing business components. A famous example is the use of assembly lines in manufacturing, where all operations are standardized and segmented. System thinking is a more holistic, comprehensive look at business operations, which is often considered the contrast to process thinking. Cognitive skills and listening skills are necessary to employ business process thinking, but they are not necessarily apparent in the concept of assembly lines.

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

SOURCE: Drew, C. (2022, October 23). *What is process thinking? (Examples, pros, and cons)*. Retrieved January 4, 2023, from <https://helpfulprofessor.com/process-thinking/>

57. B

Work packages. A work package is a group of related tasks within a project that is used to break up a project into smaller, more manageable deliverables. Work packages are often the lowest level of a work breakdown structure (WBS). Risk matrices, project scope, and a lessons learned document are not parts of a WBS.

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

SOURCE: ProjectManager. (2022, November 11). *Work breakdown structure (WBS)*. Retrieved December 14, 2022, from <https://www.projectmanager.com/guides/work-breakdown-structure>

58. D

Risk. Risk management is a business activity that involves the planning, controlling, preventing, and procedures used by management to limit business losses. Because knowledge management—the process of creating, identifying, collecting, organizing, sharing, and using knowledge and knowledge sources for the benefit of the organization or business—helps companies make informed and strategic decisions that limit risk, it can also be considered a kind of risk management. Channel management includes processes by which marketers distribute products to customers. Human resources management involves planning, staffing, leading, and organizing employees. Technology is the practical application of science to society and industry.

SOURCE: KM:004 Explain legal considerations for knowledge management

SOURCE: Wen, K. (2022, August 31). *Your guide to legal knowledge management*. Retrieved December 19, 2022, from <https://www.simplelegal.com/blog/legal-knowledge-management-guide>

59. A

To improve overall efficiency. Business process redesign (BPR) is a complete overhaul of a company's or organization's key business practices. The goal of BPR is to improve the company's overall efficiency. This is typically done by cutting slack and excess, reducing (not increasing) costs and expenses, and sharpening management. To cut costs and expenses, some businesses may have to reduce its staff size rather than increasing it. BPR doesn't maintain key processes; rather, it overhauls them.

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

SOURCE: Hayes, A. (2021, August 19). *Business process redesign (BPR): Definition, process, and purpose*. Retrieved December 21, 2022, from <https://www.investopedia.com/terms/b/business-process-redesign.asp>

60. C

Better customer experiences. A supply chain is a network of those involved with the production and sale of a good or service. Efficient supply chains often impact business performance, as they can benefit customers, a business's profitability and cash flow, and operations. For example, an efficient supply chain can lead to better customer experiences, faster delivery times, increased customer loyalty, and lower costs.

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

SOURCE: Aptean. (2019, October 3). *Why your supply chain plays the largest role in customer satisfaction*. Retrieved December 15, 2022, from <https://www.aptean.com/en-US/insights/blog/supply-chain-and-customer-satisfaction>

61. B

Six Sigma. Six Sigma is a tool for statistical process improvement that helps businesses improve functionality and control for mistakes or defects. Microsoft Word is a word processing program. QuickBooks is an accounting software for small businesses. QuickTime is a multimedia player used for digital videos, photos, and sound.

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

SOURCE: Hayes, A. (2022, May 1). *Six Sigma: Methodology and belt rankings*. Retrieved December 14, 2022, from <https://www.investopedia.com/terms/s/six-sigma.asp>

## 62. C

Technology. There are many factors that impact supply chain management, including technology. Changes in technology have had a huge impact on supply chain management. For example, the increased availability of GPS devices has improved shipment tracking, as it gives shippers the ability to track freight location and anticipate delays. Increased availability of GPS devices is not an example of how data analytics, human resources, and globalization can impact supply chain management.

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

SOURCE: Aeologic. (2022, March 11). *The impact of technology on supply chain management*. Retrieved December 16, 2022, from <https://www.aeologic.com/blog/the-impact-of-technology-on-supply-chain-management/>

## 63. A

Creating a vision. Before implementing a change, and even before planning a change, change management calls for creating a clear vision for that change. This means understanding what this change will affect and why this change must be implemented in the first place. Analyzing results, embedding change, and reviewing change all come after one implements change.

SOURCE: SM:096 Explain the change-management lifecycle

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

## 64. C

It is helpful for defining a project schedule. Project management software is software used for project planning, scheduling, change management, and resource allocation. Project management software serves several functions, including project planning, task management, document sharing and collaboration, communication, calendar and contact sharing, time tracking, and bug and error management. Although it is used for reporting and managing bugs and errors, project management software doesn't entirely prevent them from occurring.

SOURCE: NF:130 Utilize project-management software

SOURCE: Techopedia. (n.d.). *Project management software*. Retrieved December 21, 2022, from <https://www.techopedia.com/definition/13132/project-management-software>

## 65. C

Global supply chain issues. A global supply chain is a transnational network of individuals orchestrating the flow of goods from creation to the consumer. Global supply chains can be greatly impacted by different issues taking place around the world, such as the Russia-Ukraine conflict and COVID-19 lockdowns in China—two events that exacerbated supply chain issues by limiting the global availability of goods (such as food). There is no evidence that the Russia-Ukraine conflict and lockdowns in China contributed to ethnocentrism (believing one's own culture is superior), multinational corporations (companies operating on a global scale), or worldwide ethical governance (a fictitious term.)

SOURCE: OP:480 Discuss global supply chain issues

SOURCE: J.P. Morgan. (2022, May 25). *What's behind the global supply chain crisis?* Retrieved December 20, 2022, from <https://www.jpmorgan.com/insights/research/global-supply-chain-issues>

66. B

Digital assets. Digital assets are anything of value existing electronically that a business or individual owns. Digital assets include business photos, customer lists, websites, blogs, intellectual property, etc. Protecting digital assets is important because they provide value to a company or person. Exports are goods and services sold by businesses and industries in one country to individuals, businesses, manufacturers, or governments in other countries. Equipment includes industrial goods used in the operation of a business but not used in the actual production of a good or service. Long-term liabilities are debts that will take longer than a year to pay.

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

SOURCE: Murray, J. (2020, July 21). *How to protect your company's digital assets*. Retrieved December 19, 2022, from <https://www.thebalancemoney.com/how-to-protect-company-digital-assets-4153375>

67. B

Two-factor authentication. Two-factor authentication is a digital security technique that requires multiple forms of identification—such as a username, password, and email confirmation—to log in to an online account or application. Simple passwords do not keep business accounts, applications, or programs safe because they can be easily guessed or hacked. Security guards can protect physical business assets but are ineffective against digital breaches. Video conferencing is a tool used by businesses for communication, not online security.

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

SOURCE: AuditBoard. (2021, June 10). *How to protect your digital assets in 2022*. Retrieved December 29, 2022, from <https://www.auditboard.com/blog/how-to-protect-your-digital-assets/>

68. B

Build trust with. If a business's operations involve handling or storing customer data, it should seek adequate protections for that data. This will help to build trust with customers because they can be sure that their information is safe. Communicating with customers is important, but securing customer data does not improve communication channels between the business and customers. Securing data does not typically lead to educating customers. Phishing is a type of online scam used to commit identity theft. Businesses should not phish customers.

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

SOURCE: Gupta, S., & Schneider, M. (2018, June 1). *Protecting customers' privacy requires more than anonymizing their data*. Retrieved January 4, 2023, from <https://hbr.org/2018/06/protecting-customers-privacy-requires-more-than-anonymizing-their-data>

69. A

Determine what to evaluate. Evaluating project success is the process of assessing the accomplishments of a project and reflecting on lessons learned. The first step in evaluating the success of any project is to determine what to evaluate. While there are some general parts of any project that you can evaluate, you should look at which measures are most important for your specific project. To start, consider project goals. Your most important evaluation criteria will likely relate directly to your project's objectives. The second and third steps of the process involve gathering data and analyzing that data, respectively. The fourth step is to determine lessons learned, followed by communicating what you've learned to stakeholders. The sixth and final step of the process is to make any necessary adjustments or changes based on results.

SOURCE: OP:521 Evaluate project success

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

70. D

Time management minimizes procrastination. Effective time management makes it easier to avoid procrastination overall. Because Abby is using time in an efficient way, she does not feel tempted to procrastinate. Time management does improve self-confidence, but there is no indication that Abby's self-confidence has increased. It is true that making the most of downtime is important and that certain tasks are more important than others, but these truths are not demonstrated in this example.

SOURCE: PD:019 Use time-management skills

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

71. B

Risk-taking ability. Risk-takers understand and accept the responsibility of not knowing the outcome of their actions. Innovation is essentially risk. Innovators are willing and able to take risks, but they also know how to minimize the chance that they'll fail. Curiosity, creativity, and problem-solving skills are all important traits for innovators to possess, but they are not demonstrated in Rowan's example.

SOURCE: PD:126 Explain the need for innovation skills

SOURCE: LAP-PD-126—Ideas in Action (Innovation Skills)

72. A

School calculators must be signed out. Organizations require that their members respect their property in various ways. This can mean using equipment for its intended purpose, not causing damage to property, and not taking advantage of available supplies. In this case, the school wants to track the use of its calculators so that students or teachers do not take advantage of their supplies. A school prohibiting bullying, employees tracking travel expenses, and football players needing to wear helmets for safety purposes do not relate to the use of property.

SOURCE: PD:251 Follow rules of conduct

SOURCE: LAP-PD-251—Know the Code (Following Rules of Conduct)

73. C

Recruiter. Human resources (HR) management careers focus on staffing activities. Some positions in HR management include recruiter, benefits administrator, and compliance specialist. Human resources management employees are often in charge of interviewing potential employees, resolving conflicts, and helping the company achieve business goals through the proper hiring and use of employees. Project managers, administrative assistants, and call center supervisors are not jobs typically found within HR management.

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

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

74. C

Managing product scope. Determining the features and functions that a product will or will not have, such as in the case of the new vehicle, is a part of managing product scope. Developing a project life cycle is not related to developing features for a new product. Defining activities is an aspect of project time management that includes developing specific actions to be performed to produce deliverables. Determining a car's features is not a part of this process. Performing quality assurance is the process of ensuring that appropriate quality standards have been met. The car company is not performing quality assurance in the given situation.

SOURCE: PJ:005 Initiate project

SOURCE: Asana. (2022, May 28). *Scope of work vs. statement of work: What's the difference?* Retrieved November 30, 2022, from <https://asana.com/resources/scope-work-vs-statement-work>

75. A

Deliverable-oriented diagram. A work breakdown structure (WBS) is a deliverable-oriented document that details the division of a project workload into smaller, more manageable parts. Work breakdown structures can look different from project to project, but they typically function as diagrams illustrating project deliverables and work packages. Work breakdown structures are not contractual agreements, analytics reports, or summative assessments.

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

SOURCE: ProjectManager. (2022, November 11). *Work breakdown structure (WBS)*. Retrieved December 14, 2022, from <https://www.projectmanager.com/guides/work-breakdown-structure>

76. C

Understanding the nature of demand. The main goal of business process thinking is to find and implement more efficient ways to produce a good or service. To accomplish this, a business must first understand the demand for its product and estimate future demand. This is a crucial component of business process thinking because it lays the foundation for all procedures. Vertical integration is an important component of business processes, but it is not the primary step, nor is it the most basic. Understanding the nature of demand and the product itself comes first in business process thinking. Planning a research and design (R&D) phase and determining the quality of suppliers are operations that can be incorporated into business processes, but they are not primary steps in business process thinking.

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

SOURCE: Landau, P. (2021, September 7). *A quick guide to business process mapping*. Retrieved January 4, 2023, from <https://www.projectmanager.com/blog/business-process-mapping>

77. B

Questioning and probing ideas. Questioning to provoke deeper thought allows for stronger comprehension. By questioning and probing the ideas of team members, the manager can encourage them to develop a better understanding of the thoughts, situations, and requirements involved in the project. Educating, fact-finding, and persuading are all communications skills, but they are not the best skills for Cassie to develop to help her team members increase their understanding of the project and fellow members.

SOURCE: PJ:007 Manage project team

SOURCE: The Management Center. (2021, September 30). *Probing questions to get beneath the surface*. Retrieved November 30, 2022, from <https://www.managementcenter.org/resources/probing-questions-get-beneath-surface/>

78. A

The last. Project closure (or close) is the fifth and final step of the project management process, and it includes wrapping up the project, delivering the end product, and documenting lessons learned. Project closure is an important step, as it gives teams the opportunity to reflect on a job well done and/or consider what might be done better in future projects.

SOURCE: PJ:008 Close project

SOURCE: Ray, S. (2022, February 15). *5 steps to project closure (checklist included)*. Retrieved December 14, 2022, from <https://www.projectmanager.com/blog/project-closure>

79. B

Defect frequency. Quality metrics specifically describe a project or product attribute and how the control quality process will measure it. Defect frequency is a measure that reflects the quality of a specific aspect of a product, so it is a quality metric. Precision and accuracy are not quality metrics. Rather, they describe different dimensions of correctness and offer a way to understand quality measurements. Cost of quality includes all costs over the life of a product incurred in the pursuit of or failure to achieve quality. It is not a specific measurement that indicates quality.

SOURCE: PJ:009 Execute and control projects

SOURCE: PM-Training. (n.d.). *15 quality metrics to consider in your next project*. Retrieved November 30, 2022, from <https://pm-training.net/project-management-quality-metrics/#:~:text=The%20defect%20frequency%20metric%20is,improvements%20need%20to%20be%20made.>

80. A

Risk breakdown structure. A risk breakdown structure is a hierarchical representation of risks according to their risk categories. It helps organize risks into groups so they are more easily understood and handled. A probability and impact matrix is a grid for mapping the probability and impact of each risk, rather than for categorizing them. Tracking is a method of recording and auditing risk. A risk register is a document in which the results of risk analysis and risk response are recorded. Neither of these tools helps categorize risk.

SOURCE: PJ:009 Execute and control projects

SOURCE: McAbee, J. (2022, June 21). *Understanding risk breakdown structure*. Retrieved November 30, 2022, from <https://www.wrike.com/blog/understanding-risk-breakdown-structure/#:~:text=What%20is%20RBS%20in%20project,into%20sub%2Dlevels%20of%20risk>

81. A

Gantt chart. A Gantt chart is a visual representation of the elements in a project schedule and how they relate to and rely on each other. If Amina needs a tool to help her schedule her project, then a Gantt chart would be helpful. A project charter is a formal document that officially authorizes a project to get underway. A statement of work is a dynamic document that serves as the foundation of a project and includes goals, scope, deliverables, etc. A risk register helps manage risks.

SOURCE: PJ:010 Manage project schedule

SOURCE: Grant, M. (2022, December 1). *Gantt charting: Definition, benefits, and how they're used*. Retrieved December 14, 2022, from <https://www.investopedia.com/terms/g/gantt-chart.asp>

82. C

Durable. A durable product is one that performs its purpose for a long period of time. The longer the period of time before the product fails, the more durable the product is considered to be. Because Tianna is looking for a kayak that can withstand frequent use for years, she needs a durable kayak. Tianna is not looking for an expensive, responsive, or methodical kayak.

SOURCE: QM:001 Explain the nature of quality management

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

83. C

Control. Six Sigma is a popular quality management methodology that relies on a five-step approach to improve any business process. This five-step approach asks practitioners to define the problem, measure initial performance, analyze the issue, improve performance, and control the process so it remains effective. Counting, cutting costs, and collaboration are not identified steps in the DMAIC project methodology of Six Sigma.

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

SOURCE: Hayes, A. (2022, May 1). *Six Sigma: Methodology and belt rankings*. Retrieved December 15, 2022, from <https://www.investopedia.com/terms/s/six-sigma.asp>

84. D

Lower costs and higher profits. An efficient supply chain can impact customers, a business's profitability and cash flow, and business operations. An efficient supply chain can impact a business's profitability and cash flow by leading to lower costs and higher profits. A better customer experience, faster delivery times, lower prices, and overall increased customer satisfaction are examples of how an efficient supply chain impacts customers. Improved efficiencies, less confusion and duplication, less waste, and greater flexibility are examples of how an efficient supply chain can impact business operations.

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

SOURCE: Nutburn, M. (2019, June 3). *What is supply chain management and why is it important?* Retrieved December 21, 2022, from <https://www.british-assessment.co.uk/insights/what-is-supply-chain-management-and-why-is-it-important>

85. C

Act. The PDCA cycle, which stands for Plan-Do-Check-Act, is a project planning tool that helps organizations continuously improve their processes. The PDCA procedure asks practitioners to plan a change, do the work of testing the change, check the test results, and act upon results as needed. The 'A' in PDCA sometimes stands for adjust, but it does not typically stand for accept, admire, or agree.

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

SOURCE: American Society for Quality. (2022). *What is the plan-do-check-act (PDCA) cycle?* Retrieved December 15, 2022, from <https://asq.org/quality-resources/pdca-cycle>

86. A

Hazard risks. Hazard risks are events or situations that can cause injury or harm to people, property, or environment. In this scenario, the manager is preparing their employees for hazard risks by teaching them about a workplace danger—deadly chemicals—that could cause them harm. Financial risks are events or situations that impact a company's cash flow, such as spending over budget or wasting work hours with personal errands or hobbies. Conflicts of interest are situations in which it is impossible to be truly impartial. Security threats, such as theft, data breaches, and competitive intelligence, originate from external, malicious forces.

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

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

87. D

Not following security protocols. Marla is putting her company at risk because she is exposing her company to the risk of robbery and other security threats by not locking up the office after she is done working. There is no indication that Marla is being dishonest or has a conflict of interest by not locking the doors. Failing to follow security protocols such as locking the office doors does not demonstrate a misuse of company resources.

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

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

88. B

Reporting information in real time. With the use of risk management software, spreadsheets, and reporting, technology helps create a reliable and up-to-date risk management system. In the realm of risk management, escalating risk is actually an important step in the risk management process. In this context, escalation means bringing a problem to light and informing the necessary entities in order to mitigate risk. Therefore, technology is not used to de-escalate a risk. While technology is used to post on social media, it is not relevant to risk management. Industry regulations are not written by technology, they are written by regulatory bodies.

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

SOURCE: Ten Six Consulting. (2018, February 1). *What risk management technologies should you use?*

Retrieved December 14, 2022, from <https://tensix.com/2018/02/what-risk-management-technology-should-you-use/>

89. D

Obtain stable insurance pricing. A captive insurance company is a subsidiary owned by its parent company to mitigate risk and provide better coverage than the current market can provide. If certain coverages are unavailable to a company, or if prices are deemed unreasonable, a business might create a captive insurance company as a type of self-insurance. Captive insurance companies are not used to manage financial records or conduct feasibility studies. Captives should not be formed to cover unlikely risks, because they are not worth the organization and resources required to create a captive. Companies also run the risk of tax fraud if premiums for these insurance policies are incorrectly inflated, which is possible considering how unlikely the insured risk is.

SOURCE: RM:043 Discuss legal considerations affecting risk management

SOURCE: Bonner, M. (2019, March 12). *Captive insurance company*. Retrieved December 14, 2022, from

<https://www.thebalancemoney.com/captive-insurance-companies-4583062>

90. B

Concurrent. Concurrent controls are those that monitor and control performance while it is occurring. A manager who monitors how salespeople are managing their client relationships is an example of a concurrent managerial control because the manager is evaluating ongoing performance. Feedforward controls are those that attempt to monitor and control performance before it occurs. Feedback controls are those that monitor and control performance after it has occurred. Simultaneous control is a fictitious term.

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

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

91. D

Feedback. Feedback controls are those that monitor and control performance after it has occurred. A business owner examining sales to data to evaluate a previous promotion is an example of a feedback control because they are monitoring a business function after the fact. Concurrent controls are those that monitor and control performance while it is occurring. Feedforward controls are those that attempt to monitor and control performance before it occurs. Simultaneous control is a fictitious term.

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

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

92. D

Contingency. Contingency plans are alternative, or backup, plans that can be implemented if the primary course of action is unsuccessful. Any important business process has risks associated with it. Therefore, management should always have contingency plans to mitigate that risk. Financial and accounting are types of plans, but they are not used as backup plans for primary courses of action. A feasibility plan is used to determine whether a certain course of action is possible; it is not meant to be implemented if the primary course of action fails.

SOURCE: SM:063 Discuss the nature of managerial planning

SOURCE: Bhasin, H. (2017, December 18). *Management planning process—all you should know*. Retrieved December 16, 2022, from <https://www.marketing91.com/management-planning-process/>

93. A

Allocating resources. As a part of the organizing process, managers must decide how to best divide resources among employees to make sure work is accomplished. This includes organizing departmental budgets and allocating funds among teams, as Harley is doing. Harley is not delegating authority, coordinating activities, or evaluating results.

SOURCE: SM:064 Explain managerial considerations in organizing

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

94. B

Low morale. Morale is a person's attitude or outlook on life that affects their approach to work. When a business is understaffed, it means that the employees it does have are working beyond their normal capacity. This can make them discouraged and exhausted, leading to low morale. Just because a business is understaffed does not necessarily mean that employees receive higher wages or collaborate more with each other. Understaffed businesses do not necessarily promote less often. In fact, understaffed businesses are prone to promote employees to fill vacant positions.

SOURCE: SM:065 Describe managerial considerations in staffing

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

95. B

They depend on management philosophy. Ownership and top-level management don't change as often as employees in lower-level positions do, but it does happen. With new management often comes a new management style or philosophy. This must be addressed within the staffing function and can affect human resources (HR) needs drastically. HR needs are not necessarily more difficult to meet in high-tech industries, and they vary from business to business. Human resources needs are the responsibility of the HR department and line managers, not accountants.

SOURCE: SM:065 Describe managerial considerations in staffing

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

96. A

Human factor. Interpersonal communications are the foundation of directing, so the human factor must be taken into account. The relationships that managers form with their teams are essential, and managers need to understand human behavior and psychology. While the chain of command, level of authority, and company's goals could have an impact on directing, they are not related to the fact that interpersonal communications are the foundation of directing.

SOURCE: SM:066 Discuss managerial considerations in directing

SOURCE: LAP-SM-066—Take Action! (Managerial Considerations in Directing)

97. C

Hire employees with diverse perspectives. A workplace that hires employees with a variety of perspectives, experiences, and backgrounds encourages innovation. A diverse workplace will yield diverse ideas, and collaboration between employees with varying ideas leads to innovation. Telling employees to follow the status quo would discourage innovation because following the status quo often limits the potential for new or creative ideas. Instructing employees to assign themselves projects would lead to an inefficient and chaotic workplace, thereby stifling innovation. Ordering employees to never question authority is not an example of encouraging innovation because it is limiting employees' capacity to think critically and be open with their coworkers.

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

SOURCE: McQuerrey, L. (2017, November 21). *Best ways for companies to manage innovative ideas*.

Retrieved December 19, 2022, from <https://smallbusiness.chron.com/ways-companies-manage-innovative-ideas-69578.html>

98. A

Communicating. Communicating change is a crucial component of change management. Communicating change means conveying and explaining change in a clear and effective manner to all relevant stakeholders. This helps stakeholders understand the change and what is expected of them. Change management does not involve discouraging change. Resetting change is not a core principle of change management, because change management is about implementing and managing change as it is happening. Reinforcing change is an aspect of communicating change and is, therefore, not by itself a core principle of change management.

SOURCE: SM:095 Explain the nature of change management

SOURCE: Mind Tools. (2020, December 8). *The four principles of change management*. Retrieved December 19, 2022, from <https://www.mindtools.com/ahpnreq/the-four-principles-of-change-management>

99. D

It helps with decision-making. The use of GPS tracking and chipping in supply chain management helps with decision-making. With GPS tracking and chipping, supply chain managers are able to access the data of their fleets and see how efficient, costly, and accurate they are. By analyzing the timing of routes and how vehicles are driven, managers can make more informed decisions about spending and efficiency. Because it helps with (and improves) decision-making, GPS tracking and chipping improves efficiency and reduces spending. In addition, it can make the supply chain process less complicated thanks to the visualization GPS tracking and chipping provides.

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

SOURCE: Sok, H. (2017, November 20). *Infographic: How is technology enhancing supply chain management?*

Retrieved December 21, 2022, from <https://www.globaltrademag.com/infographic-technology-enhancing-supply-chain-management>

100. A

Analyze results. An analysis of the change should be the final step in change management because this step is used to review the entire process comprehensively. Conducting an analysis or review of change can help businesses understand whether the change was a success, failure, or requires more time or study to reach a conclusion. Creating a vision and implementing the change are steps in the change-management life cycle, but neither are last in the process because both of the steps come before the result of the change, which then requires an analysis. Undoing the change is not a step in the change management process.

SOURCE: SM:096 Explain the change-management lifecycle

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