Business Management and Administration Cluster Exam

1. D
    Express. An agent is a person or business that is authorized to conduct certain business activities with third parties on the behalf of another person or business (principal). When the principal provides the agent with express authority, the principal gives specific directions, often in writing, to the agent who is handling certain business matters for the principal. Provisional, temporary, and unlimited are not widely used terms to describe types of legal authority in agency relationships.
    SOURCE: BL:072
    SOURCE: Blackburn, J., & Klayman, E. (2005). *The legal environment of business* (7th ed.)
    [pp. 321-322]. Boston: Pearson Custom Publishing.

2. C
    Control pollution. Pollution is a growing problem that affects many large cities as well as small communities throughout the world. In an effort to control pollution, many countries have established environmental regulations that require businesses to develop clean and fuel-efficient operating and production systems. These systems protect the environment from industrial pollution and help to preserve natural resources. Many of these regulations also require businesses to control the amount of waste and dispose of it properly. Environmental regulations are intended to conserve resources. A business's operating and production systems are not intended to collect samples.
    SOURCE: BL:073
    SOURCE: Miller, R.L., & Jentz, G.A. (2003). *Business law today: The essentials* (6th ed.) [pp. 666-667].
    Mason, OH: Thomson Learning.

3. B
    To read useful information. Business employees often read written material to obtain useful information that they can use to apply to a specific task or problem. For the information to be useful, the sources must provide relevant, valid written material. For example, employees might read industry publications to identify trends so the business can take steps to remain competitive. Industry information is relevant and valid and useful to businesses. It is not important to identify sources that provide relevant, valid written material to compile a database, understand business communication, or prepare a routine message.
    SOURCE: CO:054
    SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2006). *Marketing essentials* (pp. 612-614). New York: Glencoe/McGraw-Hill.

4. B
    Yes, because other participants' ideas can trigger new ideas. This process is called steppingstones or triggers, and it is encouraged in brainstorming because one person's ideas can easily trigger new and different ideas. It is not considered stealing, but instead is an important part of working together to build on each others' ideas to find more ideas. Adding a steppingstone idea to a brainstorming list is not a form of evaluating the original ideas. All ideas are considered equal in a brainstorming session, including those that are very outlandish or outrageous.
    SOURCE: CO:061
    SOURCE: Dubrin, A.J. (2004). *Leaderships: Research findings, practice, and skills* (4th ed.)
    [pp. 338-339]. Boston: Houghton Mifflin Company.

5. A
    Who knows the most. Interaction among the group members has a lot to do with the topic at hand—and who knows the most about it. The members want to know who knows the most about the subject. This may or may not be the oldest member of the group, the group member who asks questions, or the one who was in charge of the previous group.
    SOURCE: CO:053
    SOURCE: QS LAP 29—Put In Your Two Cents

6. A
Ask her supervisor which letter format the company uses. Companies may prefer that their employees format business correspondence in a specific way to ensure consistency within the organization. To save time and effort, Ann should ask her supervisor which letter format the company uses, such as the block format or simplified format. Developing the letter in a variety of formats is an inefficient use of time.
SOURCE: CO:088
SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. A-10 - A-12]. Upper Saddle River, NJ: Pearson Prentice Hall.

7. A
Creates desire. A persuasive message is intended to change a person's mind or to convince someone to take action. For the message to be effective, it should create a desire in the person to do what the message wants. It should present a good reason or potential benefit that will persuade the reader. Otherwise, there may be no incentive for the person to do what the message wants. Persuasive messages often are assertive, but they should not be aggressive. Persuasive messages do not describe a process or summarize an issue.
SOURCE: CO:031
SOURCE: Hyden, J.S., Jordan, A.K., Steinauer, M.H., & Jones, M.J. (2006). *Communicating for success* (3rd ed.) [pp. 333-334]. Mason, OH: Thomson South-Western.

8. A
Benefits and risks. An analytical report is a document that explains and evaluates an issue, opportunity, or problem. An important aspect of developing an analytical report involves providing recommendations for a course of action related to the issue, opportunity, or problem. When providing recommendations, the writer should clearly state both the benefits and risks associated with the recommendation, so the reader(s) can make informed business decisions. Analytical reports may discuss a particular product, a project, or the business's budget, depending on the report topic.
SOURCE: CO:185
SOURCE: Bovée, C.L., & Thill, J.V. (2008). *Business communication today* (9th ed.) [pp. 407-413]. Upper Saddle River, NJ: Pearson Prentice Hall.

9. C
Methodology. A research report is a written document that summarizes an investigation related to a particular issue or problem. The methodology section of the report outlines the research plan. It appears in the middle of the report and discusses the types of research tools used and why they were selected. The results section reports the research findings. The recommendations section is the proposed course of action, which is considered the research results. The recommendations section is the last component presented in the report. The introduction appears at the beginning of the report and discusses the purpose and significance of the research project.
SOURCE: CO:186
SOURCE: Bates College. (2011, March 7). *The structure, format, content, and style of a journal-style scientific paper: Materials and methods.* Retrieved November 10, 2011, from http://abacus.bates.edu/~ganderso/biology/resources/writing/HTWsections.html#methods

10. A
Company policies. Supervisors and employees need to communicate with each other on a regular basis in order to function effectively. One type of information that supervisors often communicate to employees in writing is information about company policies. Supervisors want to make sure that employees understand company policies so that they will be able to work efficiently and accomplish company goals. Providing this information in writing ensures that it is available to employees at all times. Personal opinions and workplace rumors usually are communicated verbally. Supervisors usually do not communicate community news to employees.
SOURCE: CO:014
SOURCE: Greene, C.L. (2012). *Entrepreneurship: Ideas in action* (5th ed.) [pp. 284-286]. Mason, OH: South-Western Cengage Learning.

11. A
Image. Business image is the view or opinion that customers have about a business. Salespeople can improve the image of the company in the eyes of its customers by knowing company policies and procedures and being able to accurately interpret them to the clientele. Properly explaining policies will help to avoid misunderstandings and to improve the company's image. A routine is a regular course of action; goals are objectives to be met. Rules are regulations. A business establishes routines, goals, and rules in order to avoid misunderstandings with customers and improve its image.
SOURCE: CR:007
SOURCE: Levy, M., & Weitz, B.A. (2007). *Retailing management* (6th ed.) [pp. 250-251]. Boston: McGraw-Hill/Irwin.

12. C
Voice their opinions in a loud manner. Customers who become loud and overbearing can be difficult to handle. Salespeople are often embarrassed and may wish to conclude the sale as quickly as possible. It is not difficult to sell something to customers who know what they want, ask for the salesperson's opinion, or indicate that they understand the salesperson's job.
SOURCE: CR:009
SOURCE: CR LAP 3—Making Mad Glad (Handling Difficult Customers)

13. A
Buying new company equipment. An economic activity involves the exchange of something having monetary value for something else that has monetary value. Conducting meetings and developing an advertising budget are management activities. Complimenting a coworker may be good for the coworker's morale, but it is not an economic activity.
SOURCE: EC:001
SOURCE: Brown, B.J., & Clow, J.E. (2006). *Introduction to business* (pp. 20-22). New York: Glencoe/McGraw-Hill.

14. D
Buyer's. A buyer's market is described as the best time for consumers to buy. During a buyer's market, consumers can conserve their money by purchasing products at reduced prices. A seller's market is the best time for producers to sell and is characterized by large demand, small supply, and high prices. Monopolistic circumstances exist when there is only one supplier of a product and no substitute products are readily available. Productive is not a type of market.
SOURCE: EC:005
SOURCE: EC LAP 11—It's the Law (Supply and Demand)

15. C
Users. Businesses should offer the users of their products safe, quality products. The business is the provider of the product, and it is generally not held liable when the user of its product abuses the product in some way. People who endorse a product are recommending it to others.
SOURCE: EC:070
SOURCE: EC LAP 20—Business Connections (Business and Society)

16. A
Industrial union. Workers in the auto industry may all belong to the United Auto Workers, an industrial union. Industrial unions include a wide range of workers across an industry. Professional unions are common in the public sector and include teachers, nurses, etc. Craft unions, also called trade unions, include skilled laborers working in a specific occupation, such as plumbing.
SOURCE: EC:015
SOURCE: EC LAP 5—Get United (Organized Labor)

17. D
Returns. The marginal output gained from hiring another worker is less than it was for each previous worker hired. There is no such thing as the law of diminishing production, output, or utility.
SOURCE: EC:023
SOURCE: McConnell, C.R., & Brue, S.L. (2005). *Economics: Principles, problems, and policies* (16th ed.) [p. 395]. Boston: McGraw-Hill/Irwin.

18. B
A lower rate of inflation. When a lot of people are out of work, they lose their buying power, which means less money is in circulation. Because unemployed people have less disposable income, the demand for goods and services is low, which tends to slow or lower the rate of inflation (rise in prices). The amount of monetary policies that the Fed establishes does not affect unemployment rates. When the GDP grows, an economic expansion is occurring, which indicates that people and businesses are spending money, and the unemployment levels are low.
SOURCE: EC:082
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 64-67). Woodland Hills, CA: Glencoe/McGraw-Hill.

19. B
Language. Canada is a bilingual country in which French and English are dominant languages. Therefore, businesspeople there typically provide printed materials that include text written in both languages. The example is not an issue that relates to differences in time or space, and does not relate to creativity.
SOURCE: EC:130
SOURCE: Roberts, K., & Taylor, S. (n.d.). *Canada: Communication.* Retrieved November 10, 2011, from http://www.cyborlink.com/besite/canada.htm

20. A
Lengthy. Because German businesspeople are very detail oriented, it often takes them a long time to make decisions. As a culture, Germans tend to take time to plan and consider many alternatives before deciding on a course of action. By understanding that it may take time to get a response, foreigners can adapt to German culture by being patient with German businesspeople. Careful planning and paying attention to details take time, so decision making is not a swift, limited, or flexible process.
SOURCE: EC:131
SOURCE: Priest, M. (n.d.). *Germany: Behavior.* Retrieved October 10, 2011, from http://www.cyborlink.com/besite/germany.htm

21. A
Dining etiquette. In Argentina, business is often discussed over meals. Because dining customs and traditions vary by country, foreign businesspeople should learn about the proper dining etiquette before going to another country to reduce the risk of embarrassment. Putting your hands in your lap is considered poor table manners in Argentina. The tip that Cecilia provided Katherine does not relate to dress and appearance, spatial differences, or verbal communication.
SOURCE: EC:132
SOURCE: Nicol, J. (n.d.). *Argentina: Behavior.* Retrieved November 10, 2011, from http://www.cyborlink.com/besite/argentina.htm

22. B
A dark skirt and jacket, low-heeled shoes, and no jewelry. By wearing a dark business suit, low-heel shoes, and no jewelry, Carmen is presenting a conservative, professional appearance. Casual slacks, a colorful dress, bold jewelry, and open-toe shoes are appropriate for casual and informal settings. A ball gown and high-heeled shoes are appropriate for very formal affairs rather than for day-to-day business meetings. There is not enough information provided about the short-sleeve white blouse or the slip-on shoes to determine if these items would be appropriate, conservative attire.
SOURCE: EC:133
SOURCE: Williams, D. (n.d.). *Japan: Appearance.* Retrieved November 10, 2011, from http://www.cyborlink.com/besite/japan.htm

23. D
Both men and woman are expected to wear modest clothing in public. When businesspeople visit a foreign country, they should try to learn about the culture so that they don't do something offensive. Before going to a foreign country, businesspeople should research the country's standards for appearance and dress. For example, wearing shorts or tank tops in Middle Eastern country is exhibiting an inappropriate appearance. Middle Eastern businesspeople would not take foreigners seriously and would be quite offended if they walked around in shorts and tank tops. Other aspects of the culture that foreign businesspeople may want to research include nonverbal behavior such as facial expressions and gestures and communication styles. Because government and religion are closely connected in many Middle Eastern countries, visitors should also understand the religious practices of Middle Eastern countries.
SOURCE: EC:134
SOURCE: Butler, P. (n.d.). *United Arab Emirates: Appearance.* Retrieved November 19, 2011, from
                    http://www.cyborlink.com/besite/uae.htm

24. B
Religion. Religious practices and traditions are an important aspect of everyday life in Saudi Arabia. Muslims pray five times a day, so it is customary for Saudi Arabian businesspeople to leave a meeting for a few minutes during the day. Prayer is not a custom associated with speech, age, or punctuality.
SOURCE: EC:134
SOURCE: Butler, P. (n.d.). *Saudi Arabia: Communications.* Retrieved November 10, 2011, from
                    http://www.cyborlink.com/besite/saudi-arabia.htm

25. C
Nonverbal behavior. It is important for foreigners to monitor their nonverbal behavior or body language, so they do not offend Indian businesspeople. Gestures that might not be offensive in some cultures are offensive in others, such as putting your hands on your hips. Oral tradition is associated with verbal communication or language. Social status refers to a person's social class, which is often influenced by education, money, surname, title, occupation, and geographic location. Wearing the appropriate clothing is a consideration that relates to appearance.
SOURCE: EC:135
SOURCE: The WorldWide-Tax.com. (n.d.). *India business practice and business etiquette tips.*
                    Retrieved November 10, 2011, from http://www.worldwide-tax.com/india/indpractice.asp

26. B
Improved ability to work outside a group. Improved ability to work outside a group is not a benefit of assessing your strengths and weaknesses. Assessing your strengths and weaknesses should improve your ability to form effective groups, as well as improve your ability to make decisions, increase your ability to handle interview questions, and enhance the positioning of your talents.
SOURCE: EI:002
SOURCE: QS LAP 16—Got Potential?

27. C
Integrity. Your integrity involves the overall quality of your moral character. Honesty refers to truthfulness, fairness, and authenticity. Truth is an indisputable or accepted fact. The practice of cheating, misleading, or misrepresenting is known as deceit.
SOURCE: EI:022
SOURCE: Dalton, M., Hoyle, D.G., & Watts, M.W. (2006). *Human relations* (3rd ed.) [p. 416]. Mason,
                    OH: South-Western Cengage Learning.

28. C
Failing to accept responsibility for his actions. When you take responsibility for your actions, you accept the consequences (good and bad) of your behavior, which is based on the decisions you make. Taking responsibility for your actions often involves admitting and learning from your mistakes and trying to do better in the future. In the example, Ned became defensive about a mistake that he made and blamed another employee. By blaming another employee, Ned is failing to accept responsibility for his actions, which were pulling and packing an incorrect item. Ned is not offering to correct the customer's order, nor is he acknowledging that he made a costly mistake.
SOURCE: EI:075
SOURCE: Payne, S. (2010, January 10). *Accepting responsibility for your own work.* Retrieved November 10, 2011, from http://www.helium.com/items/1587239-accepting-responsibility-for-your-own-work

29. B
Planning ahead. If you plan ahead, you leave yourself enough time to complete important tasks, which is important when unexpected situations occur that require immediate attention. Scheduling activities too close together may be stressful, particularly if unexpected situations or delays occur. When you focus on the unimportant details, you are wasting time and energy. Managing work commitments does not always involve organizing others' activities.
SOURCE: EI:077
SOURCE: Time Management. (2006-2011). *Manage your scheduling commitments—six effective guidelines to get things done (Part 1).* Retrieved November 10, 2011, http://www.timemanagment.info/111/manage-your-time-scheduling-commitments-six-effective-guidelines-to-get-things-done/

30. B
Irrational. Thoughts and feelings that are not based on fact are often irrational or unreasonable. While such fears are very real to the people who have them, they must be overcome so that they do not interfere with the individuals' lives. Such feelings may be overcome by sensible, reasonable, or logical thought processes.
SOURCE: EI:026
SOURCE: Dalton, M., Hoyle, D.G., & Watts, M.W. (2006). *Human relations* (3rd ed.) [pp. 366-370]. Mason, OH: South-Western Cengage Learning.

31. D
Team. A team is a group of people who work cooperatively together to achieve common goals. In the example, establishing a school store is the common goal of the team that Jamie has been asked to join. A boycott is a union strategy in which union members refuse to buy a company's products. A strike is a union strategy in which employees stop working and leave their jobs. A media channel is an individual medium that transmits a message to the public (e.g., radio, television, newspaper).
SOURCE: EI:045
SOURCE: DuBrin, A.J. (2007). *Fundamentals of organizational behavior* (4th ed.) [p. 213]. Mason, OH: Thomson South-Western.

32. C
Each member agrees to the same course of action. A consensus is a decision-making outcome that requires the substantial agreement of each group member—every member must agree to a decision or outcome. In consensus building, every group member has an equal level of power, so there are no leaders. Voting is a decision-making method in which votes are counted for or against an alternative, and whichever alternative has the greatest number of votes, wins. With consensus, no member wins because each member must agree with the decision. Majority rule is not a consensus because most, not all, of the members make the decision.
SOURCE: EI:011
SOURCE: QS LAP 17—All Aboard!

33. A

Contingency. Contingency plans are specific guidelines that are used when responding to undesirable circumstances. Corrective, external, and open are not terms that are widely used to describe the process of developing or carrying out an alternative course of action.
SOURCE: EI:006
SOURCE: QS LAP 15—Stuff Happens

34. B

Fear the unknown. A change leader is someone who has the ability to guide or direct others with the intention to transform or alter something. Change leaders often run into problems when people resist change. People resist change because they are afraid they won't be able to adapt to the change. People also resist change when they are content with the way things are, distrust the change leader, and like the status quo. When people are content with the way things are, they often do not share their ideas because by doing so, change may occur.
SOURCE: EI:005
SOURCE: QS LAP 23—20/20 Foresight

35. C

A loan for $6,000 @ 8 1/2% interest for 1 year. The amount of simple interest is calculated by multiplying the amount of money being borrowed times the interest rate, times the length of time for which the loan is made. In this case, $6,000 x 8 1/2% x 1 = $510. The $5,000 loan will have an interest payment of $1,750. The $4,000 loan will have an interest payment of $2,160. The $7,000 loan will have an interest payment of $1,120. Time is a very important factor in determining the cost of using credit.
SOURCE: FI:002
SOURCE: FI LAP 2—Give Credit Where Credit Is Due (Credit and Its Importance)

36. B

Paying credit-card balances on time. Credit allows a person to purchase now and pay later. Building a good credit history involves using credit responsibly, which includes making credit-card payments on time. It is important to build good credit because lending institutions look at a person's credit history to determine if s/he should receive a loan. When an individual has a poor credit history, s/he may not be able to obtain large loans to buy a car or house or to start a new business. Responsible credit involves striving to maintain a high credit rating, looking for the lowest interest rates possible, and limiting the number of credit cards they use. Although it is a good idea to seek counseling to reduce unmanageable debt, this action is taken when a person has not used credit responsibly.
SOURCE: FI:071
SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2005). *Personal finance* (pp. 154-157,161,172, 183). New York: Glencoe/McGraw-Hill.

37. C

24-hour account access. One of the advantages of using an online brokerage firm is 24-hour access to your account. Many self-directed investors like being able to access this information at any time without having to call or visit their broker. Online brokerages do not offer personal guidance from a live broker or many additional financial products and services. Online brokerages usually have low commissions rather than high ones.
SOURCE: FI:075
SOURCE: Investopedia. (2009). *Brokers and online trading: Full-service or discount?* Retrieved September 15, 2009, from http://www.investopedia.com/university/broker/broker2.asp

38. B
Ownership. Investments in which individuals purchase a portion or all of an item are called ownership investments. Mr. Daly purchased real estate, which is property that consists of buildings and/or land. Real estate is a type of ownership investment. Securities are the legal owning or lending agreements between individuals, businesses, or governments. Stocks are shares or units of ownership in a corporation. Escrow is a type of account in which money is held in a trust until the money can be transferred to the designated receiver.
SOURCE: FI:077
SOURCE: Kapoor, J.R., Dlabay, L.R., & Hughes, R.J. (2005). *Personal finance* (pp. 251-254). New York: Glencoe/McGraw-Hill.

39. D
Bias. Bias is the preference for a certain outcome or perspective. Accountants have to guard against their own bias, such as looking for what they expect to find, as well as that of managers whose estimates may have been colored by what they are trying to achieve in the company. Bias can be unintentional or intentional. Accountants desire transparency and want to provide transparency so that everyone can easily see how they arrived at their figures. Acceptance enables companies to compare their performance with that of other companies or with other time periods. Businesses generally provide evidence to auditors.
SOURCE: FI:086
SOURCE: Gunn, J.L. (2008, May). *The gray area of bias*. Retrieved November 10, 2011, from http://www.camagazine.com/archives/print-edition/2008/may/regulars/camagazine4977.aspx

40. B
Interest. Some businesses receive cash in the form of interest, which is money payments for the use of borrowed money. One way that businesses obtain interest is by charging their customers interest in exchange for the ability to purchase goods and services on credit. Salaries, equity, and taxes are sources of cash flowing out of a business.
SOURCE: FI:091
SOURCE: FI LAP 6—Count the Cash (Cash Flow)

41. C
Equity. Assets a company already owns and can use to finance a new venture are called equity. Dividends are sums of money paid to investors or stockholders as earnings on investments. Return on capital is a component of working capital management that refers to how well a business is generating cash flow in relation to its invested capital. Accounts payable refers to money the business owes to others.
SOURCE: FI:354
SOURCE: FI LAP 7—Money Matters (Nature of Finance)

42. D
Train. Businesses often assign new employees to work with experienced employees who will be able to help train them. Current employees can help new employees learn their jobs and provide them with information about company procedures. Coworkers would not be asked to supervise, question, or test new employees.
SOURCE: HR:360
SOURCE: Greene, C.L. (2012). *Entrepreneurship: Ideas in action* (5th ed.) [p. 331]. Mason, OH: South-Western Cengage Learning.

43. D
Easy to communicate and quantify. Explicit knowledge is knowledge or information consisting of words, numbers, codes, processes, and formulas that are easily stored, shared, and quantified (measured). Tacit knowledge is knowledge consisting of personal opinions, experiences, expertise, or understanding that is not easily articulated, stored, or quantified. In some cases, tacit knowledge might evolve from a gut feeling or intuition about something.
SOURCE: KM:001
SOURCE: Hanley, M. (2010, October 20). *Differentiating tacit and explicit knowledge.* Retrieved November 10, 2011, from http://michaelhanley.ie/elearningcurve/differentiating-tacit-and-explicit-knowledge/2010/10/20/

44. A
Low efficiency. Tacit knowledge is knowledge consisting of personal opinions, experiences, expertise, or understanding that is not easily articulated, stored, or quantified. Tacit knowledge is often acquired by trial and error, which occurs by repeating tasks and activities over time. When an employee devises effective shortcuts or techniques that increase personal productivity, the employee has tacit knowledge. When employees are unwilling to share tacit knowledge that will improve efficiency levels, it takes longer for the company to achieve its goals. Employees who share tacit knowledge may improve the business's efficiency and create a more open and cohesive work environment, which will reduce the competitiveness among employees.
SOURCE: KM:002
SOURCE: Goodman, J. (2008). *Leveraging tacit knowledge for competitive advantage.* Retrieved November 10, 2011, from http://www.ark-group.com/downloads/tacitexec.pdf

45. C
Incident-management software. Incident-management software helps the company to detect and record production issues. As a result, it can help employees to identify problems, share information, and work together to solve problems, such as bottlenecks in the production process, more quickly. Mind-mapping software facilitates creative thinking and product innovation. Public domain technology, such as software and databases, are not owned by any one entity and can be used by the general public for free or for a fee. An accounting database stores financial data such as sales transactions.
SOURCE: KM:003
SOURCE: ITIL. (n.d.). *What are the benefits of incident management tools?* Retrieved October 20, 2011, from http://www.itilsurvival.com/what-are-the-benefits-of-incident-management-tools.html

46. D
Protect its trade secrets. A nondisclosure agreement is a contract between an employer and an employee that states that the employee will not reveal the employer's trade secrets (e.g., formula, recipe, manufacturing technique) to future employers for whom the employee might work. Nondisclosure agreements provide the business legal recourse if a competitor attempts to use the information for financial gain or benefit. Businesses do not ask their employees to sign a nondisclosure agreement to avoid discrimination lawsuits, ensure their employees' privacy, or prevent copyright infringement. Copyright infringement involves the unauthorized use of written or artistic works.
SOURCE: KM:004
SOURCE: Nolo. (2011). *Trade secret basics faq: How can a business protect its trade secrets?* Retrieved November 10, 2011, from http://www.nolo.com/article.cfm/pg/4/objectId/90781CA8-0ECE-4E38-BF9E29F7A6DA5830/catId/1FBE2D95-203C-4D38-90A2A9A60C6FD618/310/119/FAQ/

47. B

Diagram. A business can use many different tools to capture and transfer knowledge in an organization. By diagramming the information, the business can draw relationships and make connections among different components of information. The business can analyze the diagram to determine efficiencies and inefficiencies within the business, or it can share the acquired knowledge with employees within the organization. The example is not using authority-based, statistical, or transcription techniques to capture and transfer knowledge within an organization.

SOURCE: KM:005
SOURCE: Milton, N. (2003, November 20). *Knowledge acquisition.* Retrieved November 10, 2011, from
                http://www.epistemics.co.uk/Notes/63-0-0.htm

48. D

Hierarchical information. A hierarchy arrangement sets information in a certain order, rank, or level. The laddering technique is a tool that helps an organization to capture information and categorize it into a meaningful and useful order. The business can obtain information by collecting tacit knowledge from internal and external sources. The laddering technique, which can be implemented manually or with a computer program, can help a business organize the steps necessary to complete a certain activity or process. By doing so, the business might discover ways in which it can change the ordering system to increase efficiency, such as eliminating an unnecessary task or a task that is being performed twice. Horizontal communication occurs among individuals at the same level, such as coworkers.

SOURCE: KM:005
SOURCE: Milton, N. (2003, November 20). *Knowledge acquisition: Laddering techniques.* Retrieved
                November 10, 2011, from http://www.epistemics.co.uk/Notes/178-0-0.htm

49. B

Product/service management. This marketing function involves obtaining, developing, maintaining, and improving a product or service mix in response to market opportunities. Financing is not a marketing function but a business function that involves understanding the financial concepts used in making business decisions. Purchasing is a business activity rather than a marketing function. Marketing-information management involves gathering, accessing, synthesizing, evaluating, and disseminating information for use in making business decisions.

SOURCE: MK:002
SOURCE: MK LAP 1—Work the Big Six (Marketing Functions)

50. D

Air pollution. Technology can sometimes cause problems, such as addiction to video games and air pollution resulting from automobiles, trucks, airplanes, etc. Problems such as lack of health care, oil shortages, and inflation have not resulted from technology.

SOURCE: NF:003
SOURCE: NF LAP 4—TECH-tastic (Technology's Impact on Business)

51. B

Find and replace. The find and replace function allows computer users to make changes to their documents quickly. This function is beneficial when working with large documents that contain multiple words or phrases that need to be changed. The cut function allows a computer user to remove text or graphics from the document. The paste function allows a computer user to place cut or copied text or graphics in the document. Although the cut and paste functions allow users to change words, they are not as quick as the find and replace function, which is one step. The header and footer function allows a computer user to place document names and page numbers into a document. The style and formatting function allows a computer user to organize the document's contents in a standard or consistent manner.

SOURCE: NF:007
SOURCE: Microsoft. (n.d.). *Find and replace text and other items.* Retrieved November 10, 2011, from
                http://office.microsoft.com/en-us/word/HP051894331033.aspx

52. D

Critical path. Many project-management software packages incorporate the critical path methodology into their programs. The critical path methodology uses algorithms to determine timelines, develops schedules for complex project activities, and proposes scheduling contingency plans, which reduce project delays. Presentation software creates computer-generated visual aids that support oral presentations. Demonstration and linear are not components of project management software.

SOURCE: NF:130
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 138-139, 366-368]. New York: Penguin Group.

53. B

Customer records. Most businesses maintain customer records that contain information about what customers are buying, when they are buying, and how much they are buying. By analyzing this information, businesses are able to plan future sales and promotional activities that will appeal to customers and encourage them to buy. Without this type of information, businesses might have no idea what customers will want to buy in the future. Businesses do not maintain advertising proofs, inventory systems, or operating procedures to help them plan future sales and promotional activities.

SOURCE: NF:002
SOURCE: Burrow, J.L. (2006). *Marketing* (2nd ed.) [pp. 120-121]. Mason, OH: South-Western.

54. D

Be accessible to customers at all times. E-commerce is a business trend that is expanding rapidly because of the Internet and the World Wide Web. E-commerce is changing the way companies do business because it allows them to be accessible to customers at all times. Customers who have access to a computer and the Internet can visit a business's web site and obtain information or shop online at any time of the day or night. As a result, more and more businesses are adding web sites to make their services and products available to customers at all times. The benefit to a business is often increased sales. The growth of e-commerce is increasing competition, which means that businesses often reduce prices and offer additional services to attract customers. Businesses do not use e-commerce to communicate with similar organizations.

SOURCE: NF:013
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 207-208). Woodland Hills, CA: Glencoe/McGraw-Hill.

55. D

Expand into other markets. An environmental scan is a study of the external forces that influence a business's success. An environmental scan examines the business's competitors; social issues and trends; and government, political, and economic factors. An environmental scan provides information that helps the business make decisions, such as whether it should expand into other markets. Staffing adjustments and computer improvements are internal factors that a business considers when it wants to enhance its productivity. A business should always follow government regulations.

SOURCE: NF:015
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 84-87). Woodland Hills, CA: Glencoe/McGraw-Hill.

56. C

Identify trends. Statistics are information presented in numerical form. Statistics can be used to identify trends. Trends indicate the general direction in which people or events are moving. If numerical data show that the demand for a product has been steadily increasing for several months, then the trend indicates that more people want or need the product. By analyzing this information, the business can determine if it wants to enter a new market. Or, if the business already sells the product, it can use the information to decide if the business should increase its production of or inventory levels for the product. Although statistics are used to analyze costs, inventory, and quotas, the information provided cannot be used to assess those situations.

SOURCE: NF:093
SOURCE: Winthorp, A. (2007, September 21). *Using statistics to measure business performance.* Retrieved November 10, from http://ezinearticles.com/?Using-Statistics-To-Improve-And-Measure-Business-Performance&id=744164

57. B
Media. The main factors in a business's decision about site selection are costs, labor, and community. A business wants to know how much money it will take to run its operations at a certain location, what kind of work force will be available, and how the community will react to its presence. Usually, businesses do not consider the media at a certain location, especially since technology has enabled people to access the media almost anywhere at any time.
SOURCE: OP:189
SOURCE: OP LAP 3—Smooth Operations (Nature of Operations)

58. B
Zoning ordinances. Zoning ordinances are regulations that govern the ways in which land and buildings may be used in certain jurisdictions. In many towns and cities, land is designated for commercial (business) or residential use. Although zoning ordinances vary by community, they may regulate the size of the facility. In many situations, cities require that some buildings be designed to accommodate a certain style (e.g., American colonial). A company that wants to build a facility in a certain location must consider the city's zoning ordinances to make sure that the regulations are compatible with the company's needs and goals. Health regulations are laws that are designed to protect the health and well-being of society. A partnership agreement is a written agreement (contract) signed by business partners that specifies the terms of the partnership arrangement. The tax code outlines the tax obligations and laws that individuals and businesses must follow.
SOURCE: OP:339
SOURCE: Beatty, J.F., & Samuelson, S.S. (2008). *Essentials of business law* (3rd ed.) [p. 744]. Mason, OH: Thomson/South-Western.

59. D
Electrical equipment. Only trained employees should attempt to repair electrical equipment because of the possibility of injury from electrical shock or damage to the equipment. The alternatives are items for which most employees can provide preventive maintenance or minor repairs.
SOURCE: OP:007
SOURCE: OSHA. (n.d.). *Electrical safety.* Retrieved November 10, 2011, from http://www.osha.gov/Publications/electrical_safety.html

60. B
Complete accident-report forms. Many businesses require employees to complete an accident-report form immediately or soon after an accident. This form commonly includes questions about where, when, and how the accident occurred, who was involved, the cause of the accident, and other details. Attending safety training, redesigning work areas, and employee counseling are not routinely required after an accident occurs.
SOURCE: OP:009
SOURCE: OSHA. (n.d.). *Forms for recording work-related injuries and illnesses.* Retrieved November 10, 2011, from http://www.osha.gov/recordkeeping/new-osha300form1-1-04.pdf

61. C
Critical activities. Critical activities are the most important tasks to do and often need immediate attention. These tasks might involve solving a customer's problem or preparing a report for a spur-of-the-moment meeting. Listing critical activities often helps employees prioritize and plan their work, which can help them achieve their deadlines. Routine tasks, such as checking e-mail, are performed on a regular basis and often do not require a lot of time or thought. Accomplishments are things that have been achieved. Long-term goals are objectives that will take a year or more to reach.
SOURCE: OP:228
SOURCE: McFarland, A. (2006, June 14). *How to prioritize your work.* Retrieved October 10, 2011, from http://ezinearticles.com/?How-to-Prioritize-Your-Work&id=219970

62. C
Thread, buttons, and zippers from Tara and denim from Bill. Work efforts are often interdependent—workers rely on each other to accomplish a task or goal. In many situations, specific people are responsible for providing specific elements to complete a project or achieve a goal. In the example, Lauren needs several items from Bill and Tara so that she can perform her job of sewing the jeans. Because Bill is the fabric buyer, he is responsible for buying the denim so Lauren can make the jeans. Tara buys the small items needed to make the jeans, so she is responsible for obtaining items such as thread, buttons, zippers, snaps, and pins. Corduroy is a different type of fabric used to make various types of apparel items.
SOURCE: OP:230
SOURCE: Campbell, G.M., & Baker, S. (2007). *The Complete idiot's guide to project management* (4th ed.) [pp. 95-100]. New York: Penguin Group.

63. B
Tim reviews an inventory-status report to determine if there are enough supplies on hand for the next project phase. Controlling is the management function of monitoring the work effort. Project managers monitor the work effort to ensure that resources are available when needed and that the project activities are being performed properly in a timely manner. When a project manager reviews an inventory-status report to determine if enough supplies are available, s/he is monitoring resources, which is a controlling activity. Determining what will be accomplished is a planning activity. Coordinating tasks is an organizing activity. Reviewing the qualifications of project-team candidates is a staffing activity.
SOURCE: OP:340
SOURCE: Portny, S., Mantel, S.J., Meredith, J.R., Shafer, S.M., & Sutton, M.M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 320-321). Hoboken, NJ: John Wiley & Sons.

64. D
Easier to manage. It is easier to manage vendor relationships when a company works with a small group of vendors. When the company works with fewer vendors, it has more time to cultivate long-term relationships with each vendor. Long-term relationships benefit both the company and the vendor because both businesses are willing to share information; are understanding of each other's needs, expectations, and limitations; and are more willing to work together to resolve conflicts that might occur. Working with a few vendors does not always provide the business with a wider product selection. A disadvantage to working with a few vendors is that supply interruptions are more likely to affect the company because it may not have easy access to another source that sells similar goods or services.
SOURCE: OP:241
SOURCE: Krajewski, L.J., Ritzman, L.P., & Malhotra, M.K. (2007). *Operations management: Processes and value chains* (8th ed.) [pp. 390-391]. Upper Saddle River, NJ: Pearson Education.

65. A
Special. A special order is a request for a custom product or a product that a vendor does not normally carry in stock. Because the Frederick Company needs a shelving unit that has unusual measurements, the vendor needs to custom make it for the company. An open order is an order for staple goods that is placed with one of several available vendors who can meet the business's immediate requirements (e.g., time, price, quantity). A blanket order is an order that covers all or part of a retailer's seasonal requirements. A reorder is an order for items that the business has previously purchased. There is not enough information provided to determine if the Frederick Company has previously ordered the same custom-made shelves.
SOURCE: OP:250
SOURCE: Cash, R.P., Thomas, C., Wingate, J.W., & Friedlander, J.S. (2006). *Management of retail buying* (p. 208). Hoboken, NJ: John Wiley & Sons.

66. A
MRO goods. MRO goods are maintenance, repair, and operating supplies such as office supplies, janitorial supplies, employee uniforms, and work gloves. While none of these supplies will be part of the company's finished products—automotives—PVX uses these supplies on a regular basis to ensure that the manufacturing process runs smoothly. Raw materials are items in their natural state or condition, such as glass or steel. Work-in-process consists of the car parts and components that are no longer raw materials but are not completely finished yet. Finished products are completed goods that are ready to be marketed to consumers.
SOURCE: OP:336
SOURCE: Inman, R.A. (n.d.). *Inventory types.* Retrieved November 10, 2011, from
               http://www.enotes.com/management-encyclopedia/inventory-types

67. B
Gloves, coolant, and packing material. Businesses maintain different inventories that are based on their specific needs. Gloves, coolant, and packing material are examples of items that a manufacturing business might use to maintain, repair, or use to facilitate the production process. Toner and pencils are office supplies that are many businesses classify as MRO inventory. Manufacturing businesses need raw materials or work-in-process goods to make finished goods. Examples of work-in-process goods are petroleum, cloth, and buttons. Glassware and shirts are examples of finished goods. Photocopiers and fork lifts are types of equipment.
SOURCE: OP:336
SOURCE: Reference for Business. (2011). *Inventory types.* Retrieved October 17, 2011, from
               http://www.referenceforbusiness.com/management/Int-Loc/Inventory-Types.html

68. B
$375.09. 3/10 net 30 means that the buyer will receive a 3% discount if the buyer pays within ten days of the invoice date and the entire invoice must be paid within 30 days. To calculate how much SSL will owe if it pays within 10 days of the invoice date, first determine the discount amount in dollars. To obtain the discount amount in dollars, multiply the order amount by the discount percentage ($386.69 X .03 or 3% = $11.60). Then, subtract the discount amount in dollars from the original order amount ($386.69 - $11.60 = $375.09).
SOURCE: OP:337
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 350). Woodland
               Hills, CA: Glencoe/McGraw-Hill.

69. D
Each organizational level and department should work independently in the continuous improvement process. For continuous improvement to be successful, the various departments and levels of an organization need to communicate with each other and work together. Objective information and customer feedback are essential if an organization is to determine what it does well and what it needs to improve upon. Then, the organization should make changes to its processes and outcomes based on the information and feedback. And, after changes are made, the organization should conduct further analysis to determine if its changes were successful.
SOURCE: OP:163
SOURCE: Toolpack Consulting. (2001-2011). *Continuous improvement-A toolpack guide.* Retrieved
               November 10, 2011, from http://www.toolpack.com/continuous-improvement.html

70. D
Cost of goods. Not all expenses incurred by a business are operating costs. The other type of business expense is the cost of goods expense, which is the money that businesses must pay for the goods that they sell or for the raw materials from which they make goods to sell. Retained earnings is the amount of a business's income that is reinvested in the business. Cost of living is the average cost of an individual's basic necessities of life. Lost income is the revenue lost by a business for various reasons such as poor sales.
SOURCE: OP:024
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (p. 767). Woodland
               Hills, CA: Glencoe/McGraw-Hill.

71. A
Business operations are smoother. Businesses that do not practice good maintenance are more likely to experience emergency repairs, injuries, and less customer satisfaction. Maintenance costs are part of the operating expenses of a business and are not deducted from taxes. The business saves money by maintaining its equipment because the equipment will need to be replaced less often. Maintenance can be scheduled so that disruption of business operation is minimized. Operations are hampered by equipment that is not working properly or has broken down.
SOURCE: OP:032
SOURCE: Berman, B., & Evans, J.R. (2004). *Retail management: A strategic approach* (9th ed.) [pp. 318-320]. Upper Saddle River, NJ: Prentice Hall.

72. B
Distribution. The function of business that involves the moving, storing, locating, and/or transferring ownership of goods and services is distribution. Companies should continuously analyze the areas of distribution (i.e., ordering, receiving, storing, and shipping) to ensure that each area is performing in the most efficient, cost efficient manner. Companies often analyze transportation services to compare rates and services. If a company finds that one company provides equal or better transportation services for less money, it might consider changing transportation vendors. Product management is a marketing function. Financial resources are sources of money such as sales income, investments, and loans. Production is the process of producing goods and services.
SOURCE: OP:327
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2009). *Marketing essentials* (pp. 454, 465). Woodland Hills, CA: Glencoe/McGraw-Hill.

73. A
Gives you a way to measure your progress. Having specific goals and subgoals enables you to measure your progress towards your goals. Goal setting helps you raise your level of self-esteem, helps you to stay on task, and helps you to understand yourself; but these do not necessarily give you a way to measure your progress in achieving your goals.
SOURCE: PD:018
SOURCE: PD LAP 16—Go For the Goal (Goal Setting)

74. A
Subconscious mind. The sleep-on-it technique involves putting an idea aside for a day or two and sleeping on it at night. The subconscious mind keeps working even after people are asleep and will give them answers in any way it can. The dreams or nightmares that develop in the subconscious mind during sleep often provide answers to problems or generate new ideas for dealing with difficult situations. An individual's intelligence, natural ability, and curiosity are traits that often contribute to creativity during the day rather than during sleep.
SOURCE: PD:012
SOURCE: Tirian. (2010, August 6). *Having trouble being creative? Sleep on it!* Retrieved November 10, 2011, from http://www.tirian.com/articles/leadership-task-performance/having-trouble-being-creative-sleep-on-it/

75. D
Reduced stress and frustration. Carrie's immediate problem is that she feels frustrated by not being able to balance her life. Time management can help her reduce the stress and frustration this causes by helping her get more done in less time. Enhanced self-esteem, increased organization, and increased productivity could also result from time management, but they are not currently the most meaningful benefits to Carrie.
SOURCE: PD:019
SOURCE: OP LAP 1—About Time (Time Management in Business)

76. A
Company. Asking questions about the company and the job tells the interviewer that the applicant is very interested in the position. Oftentimes, the applicant will obtain advance information about the company in order to be able to ask good questions. Questions about fringe benefits, such as the business's vacation policy, may be appropriate, but they indicate the applicant's interest in what the job will provide, not the applicant's interest in the job itself. Questions about the interviewer would be inappropriate.
SOURCE: PD:028
SOURCE: Bailey, L.J. (2003). *Working: Career success for the 21st century* (3rd ed.) [pp. 67-69]
         Thomson/South-Western.

77. C
Seniority. Seniority indicates an employee's length of time with a business or organization. Businesses often take into consideration an employee's seniority when deciding who to promote. If all other criteria are fairly equal, businesses often promote the employee who has the most seniority. Union contracts and civil-service regulations usually specify that employees be promoted on the basis of seniority. Businesses should not promote employees based on their personality, nationality, or disability. In fact, it is illegal for businesses to base their hiring and promotion decisions on a person's nationality or disability.
SOURCE: PD:034
SOURCE: Bailey, L.J. (2007). *Working* (4th ed.) [p. 121]. Mason, OH: South-Western Cengage
         Learning.

78. C
The consequences of breaking the rules. The rules of conduct outline a company's policies, procedures, and expectations regarding employees' behavior in the workplace. By explaining the rules and the consequences of not following them, employers are making sure that employees understand what is expected of them and what will happen if they break the rules. Depending on the situation, the consequences of breaking the rules might include a reprimand, suspension without pay, or dismissal. Why, who, and when the rules were developed are not important facts to discuss with new employees.
SOURCE: PD:251
SOURCE: Jones, G.R., & George, J.M. (2006). *Contemporary management* (4th ed.) [pp. 450-451].
         New York: McGraw-Hill/Irwin.

79. B
Todd. The chain of command defines the level of authority and the specific individual who supervises particular employees. Having a chain of command helps provide structure for businesses. Because Carrie is the shipping supervisor, she would report to Todd, who is the warehouse manager. Todd reports to Sharon, who is the vice president of distribution and holds the highest ranking position listed. Pamela is the lead shipping clerk, so she reports to the Carrie, who is the shipping supervisor. As a part-time shipping clerk, David reports to the lead shipping clerk, Pamela.
SOURCE: PD:252
SOURCE: Daft, R.L., & Marcic, D. (2009). *Understanding management: Instructor's edition* (6th ed.)
         [p. 250]. Mason, OH: South-Western Cengage Learning.

80. B
Provide direction. Organizational goals are the overall objectives that a group wants to achieve. Developing organizational goals provides the foundation for and direction to achieve the objectives or desired outcomes. Depending on the nature of the group or organization, one goal might involve achieving a profit, although profitability cannot be ensured. Groups develop organizational charts to outline the chain of command or levels of authority. Organizational goals cannot establish loyalty.
SOURCE: PD:254
SOURCE: Associated Content. (2008, October 3). *The nature of organizational goals*. Retrieved
         November 10, 2011, from
         http://www.associatedcontent.com/article/1059363/the_nature_of_organizational_goals.html

81. C
Organizational goals. Organizational goals are the overall objectives or desired outcomes that the business wants to achieve. After the business determines its goals, it plans, executes, and controls the strategies, policies, and procedures to do the work necessary to achieve the organizational goals. A product objective is one type of organizational goal that the business sets. The business may also consider profit margins in relation to pricing goals.
SOURCE: PD:254
SOURCE: Associated Content. (2008, October 3). *The nature of organizational goals*. Retrieved November 10, 2011, from http://www.associatedcontent.com/article/1059363/the_nature_of_organizational_goals.html

82. A
Align with the organization's objectives. Employees perform tasks that help the business achieve its overall objectives. These tasks are based on individual goals that management sets for each employee. To be successful in achieving the business's overall objectives, the employees' individual goals must align with the business's overall objectives. If the employees' goals align with the overall organizational goals, the business is more likely to be profitable, although profitability cannot be guaranteed. The employees' work goals are not designed to achieve the employees' personal goals, nor do they always encourage creativity.
SOURCE: PD:255
SOURCE: Dummies.com. (2011) *Setting smart goals.* Retrieved November 10, 2011, from http://www.dummies.com/how-to/content/setting-smart-management-goals.html

83. A
Measurable, relevant. To ensure that managers are setting effective project objectives, they often use the acronym, SMART. SMART objectives are specific, measurable, achievable, relevant, and timely. The "M" in SMART does not stand for motivating, mandatory, or memorable, and the "R" does not stand for realistic, redundant, or reliable.
SOURCE: PJ:005
SOURCE: Dummies.com. (2011) *Setting smart goals.* Retrieved November 10, 2011, from http://www.dummies.com/how-to/content/setting-smart-management-goals.html

84. C
Work assignment, task, and subtask. Work breakdown structure (WBS) is the process of dividing project tasks into meaningful components to complete the project. Dividing the entire project into smaller components helps the project manager effectively schedule, assign, and monitor complex project activities. When dividing the work, the project manager first divides the entire project into work assignments. Then, each work assignment is broken down by the tasks that the assignment requires for completion. In some situations, each task has subtasks that need to be completed before moving on to the next task.
SOURCE: PJ:006
SOURCE: Portny, S., Mantel, S.J., Meredith, J.R., Shafer, S.M., & Sutton, M.M. (2008). *Project management: Planning, scheduling, and controlling projects* (pp. 86-87). Hoboken, NJ: John Wiley & Sons.

85. C
Project managers are often responsible for coordinating the activities of team members from several departments. Many types of projects require the input and skills of team members from different departments—finance, legal, production, research and development, etc. When managing cross-functional project teams, the project manager must understand each team member's role in the project so s/he can effectively coordinate all of the activities that need to be completed for the project. Although the project manager may be responsible for developing a budget for the project, the operations manager is usually responsible for developing the business's operating budget. Because team members have different experiences, skills, and perceptions, project managers may, in some situations, need to intervene and help resolve conflicts. Although financial-management expertise may be important, project managers must have effective communication skills in order to guide the team members' activities and help them to resolve problems and conflicts.
SOURCE: PJ:007
SOURCE: Daft, R.L., & Marcic, D. (2009). *Understanding management: Instructor's edition* (6th ed.) [pp. 269-270]. Mason, OH: South-Western Cengage Learning.

86. A
Nina advises Milton that he is responsible for preparing the team's weekly status report. Delegating is assigning authority or responsibility to another person and is an important aspect of effectively managing a project team. Delegation involves matching project tasks and activities with the team members who have the skills and expertise to perform them. Because Nina gives Milton the authority to prepare the team's weekly status report, she is delegating responsibility. Bill is providing Peter with critical feedback. Stan is asking Joanna and Tom to help him brainstorm ideas to solve a problem. Anne is conducting a staffing activity by determining that Bob possesses skills that she needs for her project team.
SOURCE: PJ:007
SOURCE: Business Performance. (2003-2010). *Project team management.* Retrieved November 10, 2011, from http://www.businessperform.com/project-management/project_team_management.html

87. D
Holding a team meeting to evaluate the project's successes and mistakes. Project managers and team members often meet at the end of the project (close) to discuss the things that went well during the project and the mistakes made along the way. Evaluating the successes and mistakes made during the course of the project helps the project manager and team members determine how to improve or better handle similar projects in the future. Obtaining resources, determining technology needs, and developing a production schedule are project-planning activities.
SOURCE: PJ:008
SOURCE: Campbell, G.M., & Baker, S. (2007). *The complete idiot's guide to project management* (4th ed.) [pp. 335-337]. New York: Penguin Group.

88. C
Customer-satisfaction levels. Quality management is the coordination of resources to ensure the degree of excellence of a process, good, or service. One aspect of quality management involves customer-satisfaction levels with the business's products. To gauge the customers' satisfaction levels in relation to product quality, the business monitors sales and obtains and evaluates customer feedback. If customers are satisfied with product quality, customer feedback is likely to be positive, and sales will be steady or will increase. If product quality is declining, customer feedback will likely be negative, complaints and returns may increase, and sales may decrease. Factors that may affect customer-satisfaction levels include the product's durability, product's performance, and customer service. The efficiency of the production process and the employees' performance levels do not always affect product quality.
SOURCE: QM:001
SOURCE: Money Instructor. (2002-2005). *How to measure business quality.* Retrieved November 10, 2011, from http://www.moneyinstructor.com/art/businessquality.asp

89. C
Incorporate the best overall quality-improvement processes. Capability Maturity Model Integration (CMMI) software helps guide improvement for projects, for departments, or throughout the overall organizational structure. It is designed to help businesses continuously improve their processes, outputs, and performance levels. A feature of the CMMI software program is that it has an auditing function that compares the business's existing processes with the CMMI model to evaluate efficiency levels. The audit results guide the business's decision making by examining both the efficient processes and inefficient processes. By using the CMMI model, the business can integrate its successful processes with those suggested by the CMMI model, which can help the business's quality improve. The purpose of the CMMI quality management framework is to facilitate quality improvement rather than develop long-term financial and operating plans and comply with government regulations. CMMI can help the business improve the efficiencies of all of its resources; however, not all businesses use natural resources in their production processes.
SOURCE: QM:002
SOURCE: Carnegie Mellon Software Engineering Institute. (2011). *CMMI: Overview.* Retrieved
               November 10, 2011, from http://www.sei.cmu.edu/cmmi/

90. B
Increased revenue. Continuous improvement is an ongoing process that looks for ways to increase the levels of excellence in relation to a process, good, or service. Potential benefits of improved processes often increase productivity, which lowers costs and increases revenue. When quality improves, customer satisfaction levels often increase, which often results in a higher demand for the business's goods and services.
SOURCE: QM:003
SOURCE: Taylor, H. (n.d.). *Benefits of continuous quality improvement (CQI).* Retrieved November 10,
               2011, from http://www.ehow.com/facts_5317408_benefits-continuous-quality-improvement-
               cqi.html

91. C
Train employees about expectations in relation to workplace ethics. Employees must clearly understand the business's ethical standards and expectations. Offering ethics training can help employees understand the business's rules and ethical standards. Employees who do not have a clear understanding of the business's expectations in relation to ethical behavior put the business at risk. Employees who do not follow the business's ethics guidelines may cross a legal line without knowing they have done so. Because employees' experiences and beliefs often vary and because there are many gray areas in the business world, the business should not allow employees to follow their personal set of ethics or assume that the employees know what the business considers ethical behavior. Ethics are a set of principles that do not vary by situation.
SOURCE: RM:041
SOURCE: Head, G. (2005, February). *Why link risk management and ethics.* Retrieved November 10,
               2011, from http://www.irmi.com/expert/articles/2005/head02.aspx

92. B
Return on investment risk. Cloud computing keeps businesses from having to invest in computer hardware, such as servers, and software, thereby avoiding return on investment risk. Instead, businesses pay a provider only for the services that they use—much like paying an electric bill. The contract with the provider can be ended at any time. Customers will probably receive better service since the business is not having down time when its computers malfunction. Speculative risk is the chance of loss or gain. Pure risk exists when, if something happens, it will result in a loss.
SOURCE: RM:042
SOURCE: Wikipedia.com. (2011). *Cloud computing.* Retrieved November 10, 2011 from
               http://en.wikipedia.org/wiki/Cloud_computing

93. A

Contract. A contract is an agreement between two or more parties stating that one party is to do something in return for something provided by the other party. By putting the terms of an agreement or business arrangement in a written contract that both parties sign, the business reduces the risk of misunderstanding about what is expected and what will be provided. When agreements are not documented and a problem occurs, legal action may be required, which can be costly to the business. An invoice is a bill. A premium is a fee for an insurance policy. A warrant is a legal document issued by authorities that requires an individual or business to take a certain action.

SOURCE: RM:043
SOURCE: Beatty, J.F., & Samuelson, S.S. (2008). *Essentials of business law* (3rd ed.) [p. 214]. Mason, OH: Thomson/South-Western.

94. A

Material. Material resources are equipment and supplies used by businesses in their operation. Financial resources are all the sources of money available to the business. Human resources are people who work to produce goods or services. Natural resources are resources found in nature that are used to produce goods and services.

SOURCE: SM:001
SOURCE: SM LAP 3—Manage This! (Nature of Management)

95. A

What do we want to do? The management function of deciding what will be done and how it will be accomplished is planning. A primary aspect of the planning function is determining the goals or desired outcomes—determining what we want to do. All activities carried out in the other functions of management—organizing, staffing, controlling, and directing—depend on the answer(s) to the question, "What do we want to do?" Deciding who will do the work is a staffing activity. Measuring the success or achievement of goals is a controlling activity. Determining how to monitor the work effort is a directing activity.

SOURCE: SM:063
SOURCE: eNotes.com. (2011). *Management functions: Planning.* Retrieved November 11, 2011, from http://www.enotes.com/management-encyclopedia/management-functions

96. B

Organizing. The management function of setting up the way the business's work will be done is organizing. Organizing involves determining how to best use the available resources (i.e., financial, material, human) in the most efficient manner to achieve the business's goals. Leading is guiding or directing the actions of others in a desired manner. Staffing is the management function of finding workers for a business. Controlling is the management function that monitors the work effort.

SOURCE: SM:064
SOURCE: McNamera, C. (n.d.). *Management function of organizing: Overviews of methods.* Retrieved November 11, 2011, from http://managementhelp.org/orgnzing/orgnzing.htm

97. C

Establishing levels of authority. Organizing is the management function of setting up the way the business's work will be done. Establishing levels of authority is an organizing activity. Motivating techniques are directing activities. Promoting employees is a staffing activity. Conducting performance reviews is a controlling activity.

SOURCE: SM:064
SOURCE: Yu, M. (2010, March 5). *The five basic functions of management.* Retrieved November 11, 2011, from http://www.teamextension.com/content/five-basic-functions-management

98. A

Staffing. Staffing is the management function of finding workers for a business. The staffing function identifies qualified candidates to perform the work. To identify qualified candidates, the manager must know what skills are needed to perform the work. Because Nadine is determining what skills are needed to operate the new computer system, she is focusing her efforts on the staffing function of management. Controlling is the management function of monitoring the work effort. Training involves teaching or developing a new skill. Planning is the management function of deciding what will be done and how it will be accomplished.

SOURCE: SM:065
SOURCE: Yu, M. (2010, March 5). *The five basic functions of management.* Retrieved November 11, 2011, from http://www.teamextension.com/content/five-basic-functions-management

99. C

Motivating. Directing is the management function of providing guidance to workers and work projects. Directing often involves motivating employees, which is getting employees to strive to achieve management's objectives because they want to achieve them. Managers motivate employees in a variety of ways, including providing positive feedback and encouragement as well as offering attractive compensation packages (salary and benefits). Planning is the management function of deciding what will be done and how it will be accomplished. Coordinating work tasks is an activity in the organizing function of management, which involves setting up the way the business's work will be done.

SOURCE: SM:066
SOURCE: Management Study Guide. (2008-2012). *Directing function of management.* Retrieved November 11, 2011, from http://www.managementstudyguide.com/directing_function.htm

100. D

Rework. Control is the management function that monitors the work effort. Because Pablo is initiating corrective action to fix a problem or output, he is engaging in the rework control process. Preliminary control is a form of control in which the manager takes action to prevent problems from occurring. Developing a contingency plan or an alternative course of action is often part of preliminary control process. Functional is not a term that describes a form of control. Control refers to the management function that monitors the work effort.

SOURCE: SM:004
SOURCE: Lussier, R.N. (2003). *Management fundamentals: Concepts, applications, skill development* (2nd ed.) [pp. 434-435]. Mason, OH: South-Western.