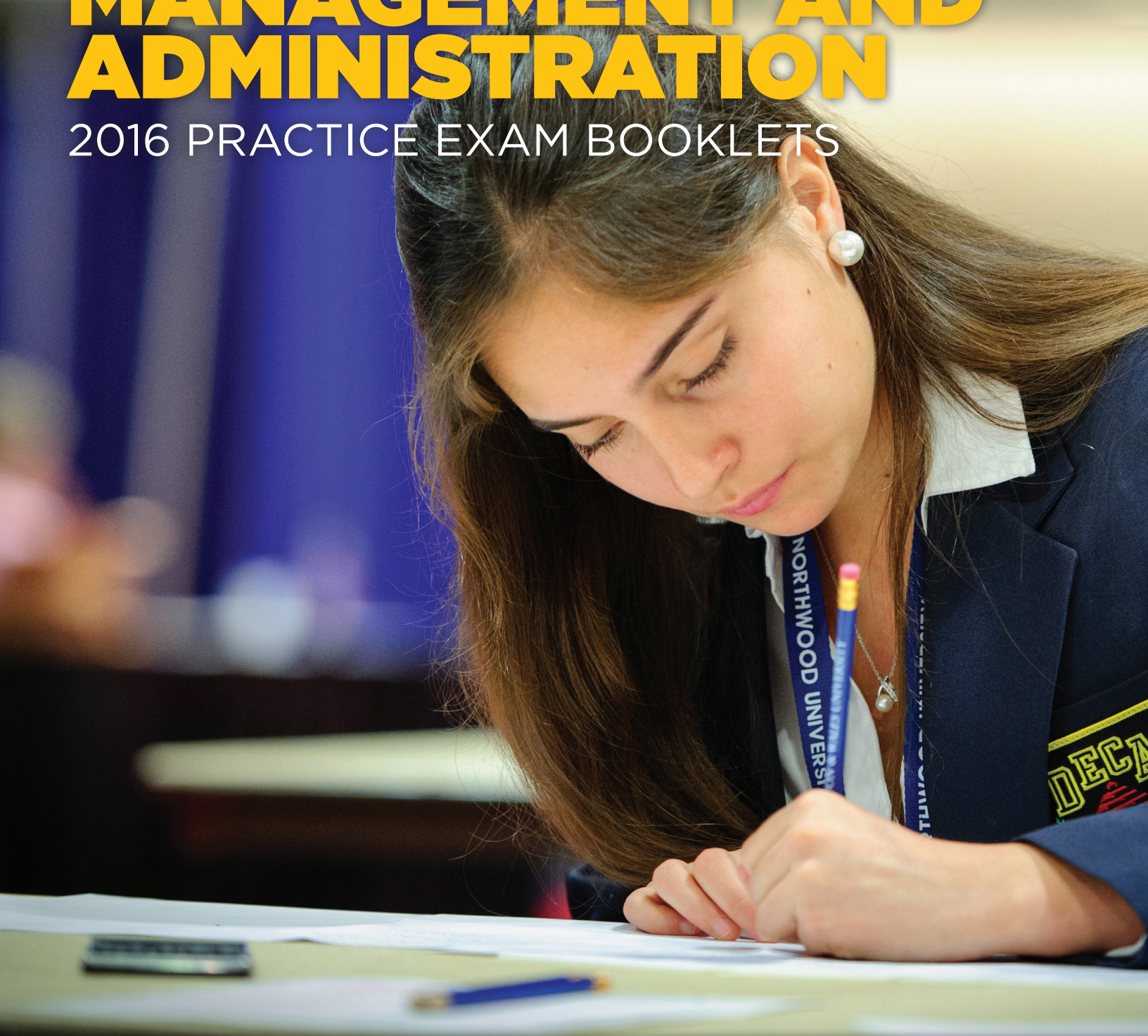




BUSINESS MANAGEMENT AND ADMINISTRATION

2016 PRACTICE EXAM BOOKLETS



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Business Management and Administration

2016 EXAM

International Career Development Conference, 2016

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1. Frederic used to own the only pizza place in town—until a new place opened up. Even though Frederic's never been to the new pizza place, he tells everyone he meets that the new place uses inferior ingredients and has been investigated by the health department. He even leaves negative reviews of the pizza place online. Which business tort do Frederic's actions fall under?
 - A. Wrongful interference
 - B. Unfair competition
 - C. Copyright infringement
 - D. Disparagement
2. Teddi and Myra are starting a floor tile business and want to be protected so that none of their personal assets will be at risk if the business fails. Which form of ownership should they pursue?
 - A. General partnership
 - B. Sole proprietorship
 - C. LLC
 - D. Nonprofit corporation
3. Which of the following is a benefit of settling a case instead of going to trial:
 - A. There is less predictability.
 - B. Settlements ensure a chance at appeal.
 - C. There will be a "guilty" and "not guilty" verdict.
 - D. Settlements are more private.
4. The litigation process begins when
 - A. an appeal is considered.
 - B. the defendant files an answer with the court.
 - C. the parties reach a settlement.
 - D. the plaintiff files a complaint with the court.
5. Why might parties choose to use mediation to solve a dispute?
 - A. To avoid going to court
 - B. To spend more money
 - C. To do less work
 - D. To get a less personal result
6. When following directions, it is important to
 - A. understand the directions without assistance.
 - B. always follow a sequential order.
 - C. understand the difference between outcomes and tasks.
 - D. complete the required tasks as quickly as possible.
7. What should you do if you disagree with something that a speaker says?
 - A. Leave the situation immediately.
 - B. Express your disagreement verbally so the speaker has a chance to reply.
 - C. Agree with the speaker anyway so you do not offend him/her.
 - D. Avoid negative body language.
8. Zack receives a question that he does not understand from a customer. Zack should
 - A. paraphrase the question and repeat it back to the customer.
 - B. ignore the question and change the subject.
 - C. answer the question as best he can.
 - D. transfer the question to a colleague.

9. While reading over her writing, Danielle noticed that a sentence seemed out of place, so she moved it to a new paragraph. This is part of the _____ process.
- A. revising
 - B. editing
 - C. studying
 - D. planning
10. One goal of analytical reports is to
- A. assess opportunities.
 - B. criticize decisions.
 - C. report progress.
 - D. request funding.
11. Effective headings in research reports are
- A. vague.
 - B. lengthy.
 - C. descriptive.
 - D. non-parallel.
12. A disadvantage of problem-solving in groups is that it
- A. takes more time.
 - B. decreases conformity.
 - C. decreases risk-taking.
 - D. hinders communication.
13. The way you follow up with a customer when showing a customer-service mindset will vary according to
- A. the customer's level of frustration.
 - B. how much attention your supervisor paid to the customer.
 - C. how far away the customer is located.
 - D. the type of service you have provided the customer.
14. Handling customer complaints may allow a business to
- A. learn inside information about its competitors.
 - B. afford raises for all of its employees.
 - C. gather more accurate product and marketing information.
 - D. expand its facilities.
15. Scientists predict that there are billions of barrels of oil in Antarctica that cannot be accessed due to technological and financial constraints. This oil is not an economic good because it is not
- A. transferable.
 - B. useful.
 - C. tangible.
 - D. scarce.
16. Economics is the process of deciding how to obtain the greatest _____ from the least amount of resources.
- A. capital goods
 - B. amount of wealth
 - C. opportunity cost
 - D. satisfaction
17. Which of the following is an example of a manufacturer:
- A. A boutique sells clothing to customers.
 - B. A store buys fabric from a factory.
 - C. A factory turns cotton into fabric.
 - D. A firm sells clothing to retailers.

18. The U.S. government sets aside some of its income from payroll taxes to fund Social Security, which is a program that aims to ensure that elderly and disabled people do not live in poverty. This is an example of
- A. income tax.
 - B. a trust fund.
 - C. the national debt.
 - D. defense spending.
19. A large car manufacturer replaces workers with technologically advanced equipment that can do the same job faster and more efficiently. This method of operating or controlling a process is
- A. interdependency.
 - B. exchange.
 - C. division of labor.
 - D. automation.
20. Which of the following is an example of the political environment affecting world trade:
- A. A country's interest rates go up, making it more difficult for people to buy houses.
 - B. A company in Canada is able to sell goods to customers in the United States via the Internet.
 - C. A country with a market economy has difficulty doing business in a communist country.
 - D. The same goods may be taxed differently in different states.
21. Aria is able to take initiative at work because she believes in herself and her abilities. She knows she can do a good job and help out her team. Aria shows
- A. creativity.
 - B. self-confidence.
 - C. alertness.
 - D. empathy.
22. Henry has a reputation at work for gossiping and sharing confidential information. Henry's behavior will likely result in
- A. a raise.
 - B. a promotion.
 - C. lost trust.
 - D. an important new project.
23. Ava is proud of her culture, but she doesn't assume that other cultures are inferior to hers. She avoids showing
- A. globalization.
 - B. cultural sensitivity.
 - C. ethnocentrism.
 - D. subcultures.
24. Milena disagrees with her coworker, but instead of pushing for her way or giving in to her coworker's wishes, she tries to find a win-win solution. Milena is displaying _____ behavior.
- A. passive
 - B. aggressive
 - C. assertive
 - D. disrespectful
25. Your school takes a vote to decide the theme of the next dance. Is this an example of consensus building?
- A. No, consensus building involves minority rule.
 - B. No, consensus building is not voting.
 - C. Yes, consensus building is not about equal power.
 - D. Yes, consensus building involves majority rule.

26. Tarah uses nonverbal cues, paraphrasing, and questioning to let her coachee know that she's listening. What technique is Tarah using?
- A. Constructive listening
 - B. Constructive criticism
 - C. Active criticism
 - D. Active listening
27. Which of the following forms of income would be considered unearned income:
- A. A personal salary
 - B. Interest from a savings account
 - C. Tips from waiting tables
 - D. Union strike benefits
28. Scarlet is setting her personal financial goals. What is the first step she should take to reaching her financial goals?
- A. Prioritize her goals
 - B. Make a list of her goals
 - C. Evaluate her budget
 - D. Automate payments
29. Eito's credit report shows that his credit score has dropped over the past nine months. What is the most important thing Eito can do to improve his credit score?
- A. Pay his bills by the date they are due
 - B. Apply for another credit card
 - C. Close all of his older credit cards
 - D. Increase the amount of money owed
30. Which division of the U.S. Securities and Exchange Commission (SEC) is responsible for ensuring publicly traded firms disclose the appropriate level of information to investors?
- A. Trading and markets
 - B. Enforcement
 - C. Corporate finance
 - D. Investment management
31. If the cash from operating activities is consistently greater than the company's net income, the company's net earnings are of a(n) _____ quality.
- A. high
 - B. low
 - C. moderate
 - D. excessive
32. Which of the following is a potential result of information overload:
- A. Reduced costs
 - B. Enhanced decision making
 - C. Feelings of confidence
 - D. Loss of knowledge
33. Javier's company uses a knowledge-management system. Because of it, he knows that an important client would like to choose from a greater selection of products. He offers the client a new and bigger product selection, including some products with a greater profit margin for the company. This example illustrates which influencing factor in knowledge management:
- A. Turnover
 - B. Enhanced value
 - C. Globalization and competition
 - D. Innovation

34. Which of the following is an example of intellectual capital:
- A. Office computers
 - B. Sales revenue
 - C. An employee's product knowledge
 - D. A company's stocks
35. Which of the following is a type of technology used to communicate knowledge in real time:
- A. RSS feeds
 - B. Wikis
 - C. Video conferencing
 - D. Search
36. Katie was recently let go from her position but has an interview with a different company in the same industry. Katie should be careful to avoid
- A. violating a noncompete agreement.
 - B. inevitable disclosure.
 - C. discussing her former employer in any way.
 - D. protecting trade secrets.
37. Communities of practice benefit businesses by
- A. adding value to an individual's professional life.
 - B. decreasing the learning curve for new employees.
 - C. reducing the need for knowledge in decision making.
 - D. increasing employee turnover rates.
38. Ralph hosts a video conference about a trade show he recently attended. Which of the following knowledge management processes is Ralph practicing:
- A. Acquisition
 - B. Sharing
 - C. Creation
 - D. Refinement
39. Which of the following statements about customer satisfaction and customer loyalty is true:
- A. Companies have no control over customer loyalty or customer satisfaction.
 - B. The terms customer satisfaction and customer loyalty can be used interchangeably.
 - C. Customer satisfaction and customer loyalty are both examples of negative actions companies should avoid.
 - D. Customer loyalty refers to a customer's preference for a business.
40. In his outline, Kevin used the verbs "Search" and "Selecting" in different subheadings. What is the issue that he must fix?
- A. Verbs should not be used in an outline.
 - B. His verbs are weak.
 - C. He should only use one verb throughout.
 - D. His outline isn't parallel.
41. Which of the following is an important question a business should ask itself about information management:
- A. Where and how should we store information?
 - B. What are the most efficient shipping methods?
 - C. Who are our most valuable employees?
 - D. How can we reach our customers more effectively?

42. Which of the following provides a connection to the larger Internet network in exchange for a fee:
- A. Internet Service Providers
 - B. Points of Presence
 - C. Network Access Points
 - D. Routers
43. Which of the following is a function of project management software:
- A. Financial calculations
 - B. Scheduling
 - C. Storing client information
 - D. Creating visuals
44. Which of the following is an example of a database system:
- A. Scheduling software
 - B. A chart reflecting sales revenue
 - C. A marketing report
 - D. A library catalog
45. Which of the following helps in the interpretation of mined data:
- A. Visual representation
 - B. Databases
 - C. Spreadsheets
 - D. Clustering
46. In order for data change to be successful, an organization should
- A. have one employee capable of making the change.
 - B. be able to revert back to their old processes.
 - C. be aware of why the change is necessary.
 - D. enact changes whether or not everyone in the organization agrees.
47. Maggie owns an accounting firm and decides to maximize profit by reducing employee expenses. What disadvantage may this cause for Maggie's firm?
- A. Higher cost of goods
 - B. Lower profits
 - C. Lower employee morale
 - D. Higher training costs
48. If the Food and Drug Administration (FDA) increased requirements for food allergen awareness for all food workers, how would a restaurant's operations likely be affected?
- A. Increased training time and costs
 - B. Faster food service
 - C. Increased margins and sales
 - D. Higher employee retention
49. Clem's IT Shop wants to prevent hackers and viruses from gaining access to its computers. What is the best course of action for Clem's IT Shop to take?
- A. Install a firewall on computers
 - B. Back up all data on hard drives
 - C. Restrict Internet access
 - D. Hire a security guard

50. Jerry's Chicken Shack's secret sauce has made the business very popular along the east coast. Other restaurants want the recipe so that they can steal some of Jerry's business. Jerry's secret sauce needs to be protected as a
- A. trademark.
 - B. patent.
 - C. copyright.
 - D. trade secret.
51. Marlena is feeling overwhelmed at work because she has so many different tasks to work on. Some are due the next day, while some are due over the next few weeks. What's the first thing she should do to figure out how her tasks should be prioritized?
- A. Start anywhere—getting something done is better than nothing.
 - B. Make a list of her tasks and determine what's most urgent.
 - C. Complete the easiest task first.
 - D. Ask her boss if she can delegate her work to someone else.
52. Alana and Mikey are working on a group project for school. On the day that the project is due, Mikey and Alana realize that they've both been working on the same task, and as a result half of their project isn't done. Their teamwork would most likely have benefited from more
- A. communication.
 - B. classroom instruction.
 - C. time.
 - D. money.
53. Hannah is working together with a team of employees on a new project. They want to work efficiently and make the project as cohesive as possible. Which of the following actions should they take:
- A. Allow everyone the freedom to choose their own goals.
 - B. Work individually and combine their work at the end.
 - C. Focus everyone on the same big-picture goal.
 - D. Randomly assign tasks to each team member.
54. Charlotte is a manager who is delegating tasks to her employees. Which of the following things should she do to ensure that the tasks are completed correctly:
- A. Watch her employees as they work to ensure things are done correctly.
 - B. Accept work she isn't fully satisfied with, as long as it's done.
 - C. Do the work herself if she is concerned that it will not be done properly.
 - D. Be specific about what tasks need to be done and when they are due.
55. You think that you and your coworkers could do your work in a more efficient manner, so you want to streamline your work processes. Which of the following actions should you take:
- A. Get input from employees above and below you.
 - B. Create a plan yourself and present it to everyone.
 - C. Take a big-picture view of the work.
 - D. Add more steps to your work process.
56. One way to ensure a good vendor/supplier relationship is to make sure your contract is clear for both parties. This will help you
- A. separate the people from the company.
 - B. make your expectations known early.
 - C. understand that they have other customers.
 - D. learn the marketplace.

57. You have been asked to review your company's new purchasing process and report if it is effective. What is one of the most important performance measurements you should look at to assess the new process?
- A. The price paid for a certain item
 - B. The employee turnover rate
 - C. The amount of money saved by the company
 - D. The amount of current inventory
58. The Busy Tots Company knows they will need to purchase widgets from Widgetly for the next 5 years and want to lock in negotiated prices for the widgets before actually purchasing them. Busy Tots would want to use a _____ purchase order.
- A. standard
 - B. blanket
 - C. single-use
 - D. regular
59. Jasmin Boutique, a perfume retailer, keeps a large supply of cleaning products, office supplies, and repair tools. These items are known as _____ inventory.
- A. MRO
 - B. finished goods
 - C. work-in-process
 - D. raw materials
60. You negotiate with a vendor to receive 2/10, net 30 terms. Your invoice amount is \$100. This means you can pay
- A. \$2 on the 10th day and \$98 by the 30th day.
 - B. \$98 on the 10th day or \$100 by the 30th day.
 - C. \$20 by the 10th day and \$80 by the 30th day.
 - D. \$102 on the 10th day or \$110 on the 30th day.
61. The three types of flows in supply chain management are material flow, information flow, and _____ flow.
- A. supply
 - B. inventory
 - C. money
 - D. distribution
62. Jackman Farms wants to get a clear picture of its industry and how the business is doing within it, both internally and externally. Which business analysis tool should the business use?
- A. PESTEL analysis
 - B. Financial report
 - C. SWOT analysis
 - D. Balance sheet
63. Every task in a business process should have defined roles and responsibilities, which can be documented in an ARCI matrix. ARCI stands for accountable, responsible, _____, and informed.
- A. constant
 - B. consulted
 - C. collaborative
 - D. controlled
64. When bottlenecks in business processes develop that cause a company to miss deadlines and waste resources, an effective manager would most likely choose to
- A. redesign the business processes.
 - B. invest in quality control.
 - C. implement an employee incentive program.
 - D. speed up production.

65. One of the main external factors that may cause a firm to change its business processes is
- A. competition.
 - B. desire for growth.
 - C. low employee morale.
 - D. high operating costs.
66. Effective collaboration between supply chain partners will most likely result in
- A. longer lead times.
 - B. lower warehousing costs.
 - C. lower employee turnover.
 - D. higher inventory levels.
67. Sandra is a manager at a distribution plant. Lately, her customers have been complaining about timely deliveries. Which area of the business does Sandra need to focus on to ensure on-time delivery?
- A. The sales force
 - B. Inventory control
 - C. Supply chain management
 - D. Production
68. Radio-frequency identification (RFID) technology is becoming more popular than barcodes in supply chain management because it does not require a direct line of sight, can be read at greater distances, and
- A. has no chance of privacy problems.
 - B. is less expensive.
 - C. does not have reader collision concerns.
 - D. can be read much faster.
69. Supply chain network design improves service and reduces cost by aligning purchasing, production, warehousing, inventory, and
- A. the sales force.
 - B. marketing.
 - C. transportation.
 - D. promotion.
70. Longer supply lines, due to globalization, will most likely increase _____ for suppliers.
- A. product quality
 - B. speed
 - C. risk
 - D. visibility
71. The first step of protecting a business's digital assets is taking an inventory. This includes what information is on what media, where the information is located, and
- A. how the information will be used.
 - B. order of information importance.
 - C. costs associated with the information.
 - D. how the information is accessed.
72. Ariel runs a public relations office and keeps all of her clients' information on her company's server. What method can Ariel use to ensure the information is unreadable to unauthorized users?
- A. Posting a security policy
 - B. Installing antivirus software
 - C. Creating strong passwords
 - D. Encrypting the information

73. Which of the following is true of goals:
- A. They can be accomplished without planning.
 - B. They cannot change.
 - C. They are also known as wishes or dreams.
 - D. They can be short term or long term.
74. Kris needs to figure out how to deal with a problem coworker. Because Kris likes to deal with her issues in an orderly, logical way, she should use the _____ method of problem solving.
- A. mind-mapping
 - B. intuitive
 - C. seven-step
 - D. reverse brainstorming
75. Which of the following can help a person to develop the skill of creativity:
- A. Studying business in college
 - B. Adopting a positive attitude
 - C. Volunteering for team projects
 - D. Watching television
76. One thing all successful entrepreneurs have in common, regardless of industry, is
- A. athleticism.
 - B. passion.
 - C. closed-mindedness.
 - D. negativity.
77. Emilio works in office management. Which of the following would likely be one of his job responsibilities:
- A. Creating a marketing plan for a new product
 - B. Packaging and distributing warehouse orders
 - C. Helping customers decide how to invest their money
 - D. Helping his office run faster and more efficiently
78. A project charter is important because it
- A. prevents all future disagreements.
 - B. keeps everyone informed and organized.
 - C. limits the project manager's abilities.
 - D. allows a team to take shortcuts and save time.
79. Every task of a work breakdown structure should include
- A. phases.
 - B. deliverables.
 - C. stakeholders.
 - D. project scope statements.
80. Alicia is creating a resource that includes entries for each component of her work breakdown structure, including definitions, deliverables, associated activities, and milestones. Alicia is making a
- A. project charter.
 - B. scope statement.
 - C. resource breakdown structure.
 - D. work breakdown structure dictionary.
81. What is the purpose of key performance indicators (KPIs)?
- A. To communicate the project plan to stakeholders
 - B. To eliminate risk
 - C. To change the project plan
 - D. To measure project progress

82. Which of the following is a part of managing a project team:
- A. Boosting morale
 - B. Managing change
 - C. Preventing scope creep
 - D. Reporting to stakeholders
83. How can a project manager fast track a project?
- A. Organize teams to run tasks concurrently
 - B. Refrain from making changes in order to stay on course
 - C. Add additional human resources
 - D. Increase managerial oversight
84. Which of the following is a process involved in closing a project:
- A. Establishing a project charter
 - B. Transferring deliverables
 - C. Contracting suppliers
 - D. Managing changes
85. The cost of designing a reliable, durable product is a(n) _____ cost.
- A. external failure
 - B. appraisal
 - C. internal failure
 - D. prevention
86. A manufacturing company uses Six Sigma as a quality management framework. This means that the company
- A. follows the plan-do-check-adjust approach.
 - B. produces only 3.4 defects per million parts.
 - C. uses an IT-oriented approach to quality management.
 - D. has created its own quality management framework.
87. Which of the following is true of breakthrough improvements:
- A. They lead to big gains.
 - B. They are usually predictable.
 - C. They are typically not dramatic.
 - D. They are gradual and constant.
88. A health food company claims that its products will cure many diseases, even though it has no evidence of this. When customers find out that the claim was a lie, the company suffers from a damaged reputation and many lawsuits. The company's _____ behavior exposed the company to risks.
- A. profitable
 - B. ethical
 - C. moral
 - D. unethical
89. A company wants to be alerted to security breaches and other IT threats. What type of software should the company invest in?
- A. Threat prediction
 - B. Word processing
 - C. Risk management
 - D. Presentation

90. Which of the following is a benefit of a captive insurance company:
- A. Insuring risks that are otherwise difficult to insure
 - B. Higher insurance premiums
 - C. Higher taxes on previously uninsured risks
 - D. More difficulty obtaining insurance
91. An automobile manufacturer in Country A purchases parts from a factory in Country B. When Country B suffers a massive earthquake, the automobile manufacturer is forced to put production on hold until it can find another factory to supply the parts. What type of risk does this situation illustrate?
- A. Employee
 - B. Environmental
 - C. Political
 - D. Health and safety
92. Planning is usually considered the primary function of management because
- A. managers must address it before addressing the other management functions.
 - B. it generally costs more money than other management functions.
 - C. the other management functions do not need to be addressed as long as plans are made.
 - D. it is the only management function that does not require other employees.
93. After developing a plan for an advertising campaign, a manager is ready to delegate responsibilities to specific employees. Which management function should the manager focus on?
- A. Directing
 - B. Planning
 - C. Organizing
 - D. Controlling
94. Which staffing task involves selecting which job applicants to interview?
- A. Determining need
 - B. Recruiting
 - C. Onboarding
 - D. Screening
95. A manager who is developing compensation plans may
- A. determine employee eligibility for benefits.
 - B. decide where and when training is best conducted.
 - C. extend a job offer with its specific terms and conditions.
 - D. negotiate with job candidates.
96. Rhys is a manager who wants to better motivate and communicate with his employees. Which management function should he focus on to achieve this goal?
- A. Directing
 - B. Planning
 - C. Organizing
 - D. Controlling
97. Monica created and implemented a plan for an advertising campaign, and now she wants to know if the plan has been effective in reaching the goals she designed. Which managerial function should she focus on?
- A. Directing
 - B. Planning
 - C. Controlling
 - D. Organizing

98. For successful innovation to occur, employees must be willing to _____ while developing ideas.
- A. work alone
 - B. teach
 - C. avoid results
 - D. learn
99. A company is changing over to a new operating system and wants all of its employees to successfully adjust to the change. What can the company do to get all of the employees on board?
- A. Let the employees know why the change is important after it has occurred.
 - B. Execute the change without telling employees to avoid confusing them.
 - C. Involve only high-ranking employees—lower level employees do not need to be aware of the change.
 - D. Explain to all employees why the change is needed and how it will help.
100. Many organizational changes fail because
- A. big changes cannot be executed throughout entire companies.
 - B. companies do not properly execute the change-management lifecycle.
 - C. most people are resistant to change.
 - D. managers give their employees too much time to adjust to changes.

Business Management and Administration

2016 EXAM | ANSWER KEY

International Career Development Conference, 2016

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1. D
Disparagement. Frederic is making false statements about the quality of the new pizza place's food and the cleanliness of the restaurant. He is also leaving false negative reviews of the pizza place online. This constitutes disparagement. This is not an example of unfair competition or wrongful interference. Frederic is not infringing on the new pizza place's copyright.
SOURCE: BL:069
SOURCE: LaMance, K. (2015, November 24). *Business torts*. Retrieved February 2, 2016, from <http://www.legalmatch.com/law-library/article/business-torts.html>
2. C
LLC. LLC is a hybrid ownership structure that includes limited liability. Sole proprietorships and general partnerships have unlimited liability, meaning the owner's personal assets can be taken to pay company debts. Teddi and Myra cannot form a nonprofit corporation because their business exists to make a profit.
SOURCE: BL:003
SOURCE: BL LAP 1—Own It Your Way (Business Ownership)
3. D
Settlements are more private. In settlements, most details aren't public, meaning that they are much more private than trials. Settlements cannot be appealed, and they do not involve a "guilty" or "not guilty" verdict. Settlements are more predictable than a jury decision.
SOURCE: BL:159
SOURCE: Shvartsman, S. (2016). *To settle or not to settle? That is the question*. Retrieved January 20, 2016, from <http://research.lawyers.com/to-settle-or-not-to-settle-that-is-the-question.html>
4. D
The plaintiff files a complaint with the court. The litigation process begins when the plaintiff files a complaint with the court. The defendant cannot file an answer until the plaintiff files a complaint. Settlement and appeals occur later in the process.
SOURCE: BL:160
SOURCE: Cornell University Law School. (n.d.). *Litigation*. Retrieved January 20, 2016, from <https://www.law.cornell.edu/wex/litigation>
5. A
To avoid going to court. Parties may choose mediation if they want to avoid taking their case to court. Mediation often costs less money and results in a more personalized result. Mediation often means doing more work to resolve the dispute.
SOURCE: BL:161
SOURCE: Dysart, K. (1995-2016). *Why to choose mediation over litigation*. Retrieved January 19, 2016, from <http://www.hg.org/article.asp?id=18286>
6. C
Understand the difference between outcomes and tasks. Sometimes, many tasks are needed to accomplish one outcome. Other times, directions might only specify the outcome without giving a detailed list of tasks. It is important to understand exactly what the directions require. Directions do not always follow a sequential order. Also, you do not have to understand directions without assistance; if you have questions, you should ask for clarification. Finally, directions should not necessarily be completed as quickly as possible if it compromises the quality of work.
SOURCE: CO:056
SOURCE: Cengage Learning. (n.d.) *Following instructions*. Retrieved December 29, 2015, from http://college.cengage.com/masterstudent/shared/content/articles/following_instructions.html

7. D

Avoid negative body language. Even when you disagree, you should not use body language that closes off communication or makes the speaker defensive. You should not express your disagreement verbally because this type of interruption can discourage a speaker. You should not necessarily agree with a speaker if it is not genuine. Finally, you should not leave immediately because it may be perceived as rude.

SOURCE: CO:082

SOURCE: Robinson, L., Segal, J., & Smith, M. (2015, October). *Effective communication*. Retrieved December 29, 2015, from <http://www.helpguide.org/articles/relationships/effective-communication.htm>

8. A

Paraphrase the question and repeat it back to the customer. If Zack does not understand a question, he should restate the question and verify that he understands in order to provide the best legitimate response to the question. Zack should not ignore the question and change the subject because the customer will be dissatisfied. Though Zack should eventually answer the question as best he can, he should first try to clarify. Finally, transferring the question to another colleague might not be possible and should only be used if the misunderstanding cannot be resolved through other means.

SOURCE: CO:060

SOURCE: University of Leicester. (n.d.) *Responding to questions effectively*. Retrieved December 30, 2015, from <http://www2.le.ac.uk/offices/ld/resources/presentations/questions>

9. A

Revising. Revising is the process of improving wording, sentence structure, and clarity of writing. Organization and clarity of sentences are parts of revision. Editing is correcting errors in grammar and syntax. Making changes such as this one is not a part of the studying process, but instead is part of the writing process. Planning is the first stage of the writing process in which the writer brainstorms and creates an outline.

SOURCE: CO:089

SOURCE: Masters in English. (2015). *Ten tremendous tips for editing and revising your writing*. Retrieved December 30, 2015, from <http://mastersinenglish.org/ten-tremendous-tips-for-editing-and-revising-your-writing/>

10. A

Assess opportunities. One of the possible goals of analytical reports is to evaluate an opportunity, such as a potential new market or acquisition. Analytical reports are not meant to be critical of decisions, though they sometimes are used to support them. When reporting progress, an informative report is more appropriate than an analytical report. Requests for funding are generally called proposals.

SOURCE: CO:185

SOURCE: Hurley. (n.d.) *Writing informational and analytical reports* (PDF file). Retrieved December 22, 2015, from http://writing.ku.edu/sites/writing.drupal.ku.edu/files/docs/Writing_Informational_Analytical_Reports.pdf

11. C

Descriptive. Headings and subheadings are a useful part of research reports, but they must be descriptive of the content. Headings should not be lengthy; rather, they should be concise. Headings should not be vague, but instead should be clear and specific. Finally, headings should be parallel, rather than non-parallel.

SOURCE: CO:186

SOURCE: Victoria University of Wellington. (2013, July). *How to write a business report*. Retrieved December 23, 2015, from <http://www.victoria.ac.nz/vbs/teaching/publications/VBS-report-writing-guide-2013-July.pdf>

12. A
Takes more time. Group problem-solving takes more time than individual problem-solving because of conflicting schedules, differing opinions, and more discussion. Group problem-solving increases conformity and risk-taking, rather than decreasing them. Finally, group problem-solving increases communication rather than hindering it.
SOURCE: CO:067
SOURCE: Hadler, G. (2005-2015). *Solving problems using a group - Advantages and disadvantages*. Retrieved December 30, 2015, from <http://www.itseducation.asia/groups.htm>
13. D
The type of service you have provided the customer. The way you follow up with a customer when showing a customer-service mindset will vary according to the type of service you have provided. Employees should follow up with customers to be certain that they have received satisfaction from the product or company's services. The way you follow up should not be based on levels of frustration, supervisory attention, or distance. All customers are important. Following up suggests to customers that you care about their continued satisfaction.
SOURCE: CR:004
SOURCE: CR LAP 4—Set Your Mind to It (Customer-Service Mindset)
14. C
Gather more accurate product and marketing information. Handling customer complaints may allow the business to gather more accurate product and marketing information (e.g., information about frequent product issues or contact information for repeat customers). Handling customer complaints is not likely to allow a business to afford raises for its employees, to learn inside information about its competitors, or to expand its facilities.
SOURCE: CR:010
SOURCE: CR LAP 10—Righting Wrongs (Handling Customer Complaints)
15. A
Transferable. Economic goods must be useful, tangible, scarce, and transferable. The oil in Antarctica is useful because it satisfies the want for energy sources. It is tangible because it is a physical object that can be observed with the senses. It is scarce because it is a limited resource that cannot sustain people's wants indefinitely. However, it cannot be obtained and sold easily, so it is not transferable and, therefore, not considered an economic good.
SOURCE: EC:002
SOURCE: EC LAP 10—Get the Goods on Goods and Services (Economic Goods and Services)
16. D
Satisfaction. Economics is the study of how to meet unlimited, competing wants with limited resources. Though wealth might be an example of a want, it is not the only goal of economic decision-making. Opportunity cost is the benefit that is lost when resources are used for one purpose rather than another. Capital goods are a type of resource.
SOURCE: EC:001
SOURCE: EC LAP 6—Are You Satisfied? (Economics and Economic Activities)
17. C
A factory turns cotton into fabric. A manufacturer is a type of producer that changes the shapes or forms of materials so that they will be useful to consumers. For example, a manufacturer could turn cotton into fabric. A distributor buys products, like fabric, directly from manufacturers. A boutique selling clothing to customers would be considered a retailer. A firm that sells clothing to retailers is a wholesaler.
SOURCE: EC:138
SOURCE: Root, G.N. (2016). *Types of business models*. Retrieved February 1, 2016, from <http://smallbusiness.chron.com/types-business-models-79.html>

18. B
A trust fund. Trust funds come from payroll taxes and are designated for specific uses. They cannot be spent on anything else. Income taxes do not become trust funds; rather, they are general funds and can be spent however the government sees fit. The national debt is the total amount of money that the federal government has borrowed. Defense spending goes toward funding the military and national security, rather than toward keeping elderly and disabled people out of poverty.
SOURCE: EC:072
SOURCE: EC LAP 27—Pay Your Share (Business Taxes)
19. D
Automation. Automation is a method of operating or controlling a process in which tasks are completed by automatic means, such as technology, reducing human effort and labor. Division of labor, or specialization by stage of production or task, occurs when a large job or work force is divided into smaller units to accomplish a job faster and easier. Exchange is the process of trading one good/service for another. Interdependency occurs when people must rely on each other in order to accomplish a task.
SOURCE: EC:014
SOURCE: EC LAP 7—Divide and Conquer (Specialization and Division of Labor)
20. C
A country with a market economy has difficulty doing business in a communist country. The political environment can make world trade easier or more difficult. A communist country would likely make trade very difficult, since the government controls business. A company in Canada selling goods to customers in the United States via the internet is an example of technology affecting world trade. A country's interest rates going up is not necessarily related to world trade. Different taxes in different states is not an example of world trade.
SOURCE: EC:113
SOURCE: Grimsley, S. (2003-2016). *Political environment in international business: Definition, factors & impact*. Retrieved February 2, 2016, from <http://study.com/academy/lesson/political-environment-in-international-business-definition-factors-impact.html>
21. B
Self-confidence. People with self-confidence believe in themselves and their abilities. It's difficult to take initiative if you don't think you have the ability to do a good job or bring something new to the table. Having confidence in yourself gives you the motivation to work hard and achieve more. Creativity, alertness, and empathy have close relationships with initiative, but they are not illustrated in Aria's example.
SOURCE: EI:024
SOURCE: EI LAP 2—Hustle! (Showing Initiative at Work)
22. C
Lost trust. How you behave and how you treat other people at work can affect how successful you may become in your chosen career. If Henry has a reputation for gossiping and sharing confidential information, his coworkers and supervisor will likely lose trust in him. Unethical behavior does not lead to a promotion, a raise, or an important new project.
SOURCE: EI:004
SOURCE: EI LAP 4—Work Right (Ethical Work Habits)
23. C
Ethnocentrism. Ethnocentrism is the belief that your culture is naturally better than other cultures. When Ava doesn't assume that other cultures are inferior to hers, she avoids showing ethnocentrism. Ava is showing cultural sensitivity. Globalization is the rapid and unimpeded flow of capital, labor, and ideas across national borders. A subculture is a secondary group within a dominant culture.
SOURCE: EI:033
SOURCE: EI LAP 11—Getting to Know You (Cultural Sensitivity)

24. C
Assertive. Because they respect both themselves and others, assertive people look for win-win solutions to problems. Passive people don't respect themselves, so they often end up in lose-win situations in which they're taken advantage of. Aggressive people don't respect others, so they often force win-lose solutions on others. Only assertiveness offers a solution in which there's no loser. Keep in mind, though, that being assertive does not always mean that you will get exactly what you want. Searching for win-win solutions means you must be willing to compromise when necessary.
SOURCE: EI:008
SOURCE: EI LAP 18—Assert Yourself (Assertiveness)
25. B
No, consensus building is not voting. When group members vote, they total the votes for or against a decision—and whichever has the greater number of votes wins. But, in consensus building, no one wins. Each group member's opinion is worth the same as any other member's opinion. With consensus, nothing can be accomplished without everyone's agreement. Consensus building is about equal power, not minority or majority rule.
SOURCE: EI:011
SOURCE: EI LAP 19—It's a Group Thing (Consensus Building)
26. D
Active listening. Active listening involves using nonverbal cues, paraphrasing, questioning, and other techniques to let a speaker know that a message has been heard and understood. Constructive criticism is evaluative information designed to help someone improve. Active criticism and constructive listening are not commonly used terms.
SOURCE: EI:041
SOURCE: EI LAP 24—Bring Out the Best (Coaching Others)
27. B
Interest from a savings account. Interest from a savings account is considered unearned income. Unearned income is any income that comes from investments and other sources that are not related to employment. A salary, tips from waiting tables, and union strike benefits are all considered to be earned income—taxable income and wages from employment.
SOURCE: FI:061
SOURCE: Irs.gov. (2015). *What is earned income?* Retrieved January 25, 2016, from <https://www.irs.gov/Credits-&-Deductions/Individuals/Earned-Income-Tax-Credit/What-is-Earned-Income%3F>
28. B
Make a list of her goals. The first step to achieving financial goals is identifying the goals and making a list. Prioritizing financial goals comes after making a list of goals. After listing her goals and organizing them by importance, Scarlet will want to evaluate her budget and automate as many payments as possible.
SOURCE: FI:065
SOURCE: Wicker, A. (2014). *Checklist: I want to set financial goals for myself*. Retrieved January 25, 2016, from <http://www.learnvest.com/knowledge-center/setting-financial-goals/>
29. A
Pay his bills by the date they are due. The most important thing Eito can do to rebuild his credit is to pay his bills by the date they are due. A lot of new credit can hurt a person's credit history and Eito should not apply for more credit while he is trying to rebuild his credit score. Closing older credit cards is not the best choice because longer-term credit actually helps a person's credit score. Eito should try to lower the amount of money owed instead of increasing it.
SOURCE: FI:072
SOURCE: Consumer.gov. (n.d.). *Your credit history*. Retrieved January 25, 2016, from <https://www.consumer.gov/articles/1009-your-credit-history#!what-to-know>

30. C
Corporate finance. The SEC's Division of Corporate Finance is responsible for ensuring publicly traded firms provide the required level of disclosure information to investors. The Division of Enforcement conducts investigations into federal securities laws and prosecutes civil suits. The Division of Trading and Markets establishes and maintains standards for fair, orderly, and efficient markets. The Division of Investment Management regulates investment companies, variable insurance products, and federally registered investment advisers.
SOURCE: FI:356
SOURCE: Sec.gov. (2015). *SEC divisions homepages*. Retrieved January 25, 2016, from <https://www.sec.gov/divisions.shtml>
31. A
High. The cash from operating activities is compared to the company's net income. If the cash from operating activities is consistently greater than the net income, the company's net income or earnings are said to be of a high quality.
SOURCE: FI:541
SOURCE: AccountingCoach. (2004-2016). *Cash flow statement*. Retrieved January 19, 2016, from <http://www.accountingcoach.com/cash-flow-statement/explanation>
32. D
Loss of knowledge. Information overload can create a kind of chaos in which true knowledge becomes lost. That's why knowledge management is such an important undertaking for an organization. Information overload can also cause a person to feel overwhelmed and have trouble making decisions. It could contribute to increased, not reduced, costs.
SOURCE: KM:001
SOURCE: KM LAP 1—Know Go (Nature of Knowledge Management)
33. B
Enhanced value. This example illustrates an organization's desire to enhance the value of its existing products and services. It's an important influencing factor in a company's decision to undertake knowledge management. Turnover refers to the rate at which employees are leaving their job positions. Globalization and competition refer to the fierce battle modern businesses face to earn scarce customer dollars—not only in their home countries, but all over the world. Innovation refers to the creation of new products, processes, ideas, etc.
SOURCE: KM:001
SOURCE: KM LAP 1—Know Go (Nature of Knowledge Management)
34. C
An employee's product knowledge. Intellectual capital includes the intangible assets of a business that give it value. Examples include employee knowledge and skills, relationships, intellectual property, systems, and more. An employee's knowledge of the product is valuable to a company. Sales revenue and a company's stocks are financial capital. Office computers are physical assets.
SOURCE: KM:002
SOURCE: Intellectual capital. (2015). In Investopedia. Retrieved December 23, 2015, from http://www.investopedia.com/terms/i/intellectual_capital.asp
35. C
Video conferencing. Video conferencing allows knowledge to be communicated in real time when people are not in the same location. Wikis are websites that allow people to add content asynchronously. RSS feeds deliver published content to people. Search allows people to seek information. These three types of technology do not facilitate back and forth communication.
SOURCE: KM:003
SOURCE: Knoco. (2008-2014). *Knowledge management technology*. Retrieved December 29, 2015, from <http://www.knoco.com/knowledge-management-technology.htm>

36. A
Violating a noncompete agreement. A noncompete agreement prevents employees from working for a direct competitor for a specific period of time after leaving a company. Since Katie is going to interview for a position with a competitor, she must make sure to consider any noncompete agreements that she may have made with her previous employer, or risk facing legal action. Inevitable disclosure is a doctrine that assumes that a former employee who goes to work for a competitor cannot avoid eventually revealing information about his/her former employer to his/her new one. Katie does not have to necessarily avoid discussing her former employer completely. She also should not avoid protecting trade secrets. Rather, she should be careful not to disclose any trade secrets so she does not incur legal trouble.
SOURCE: KM:004
SOURCE: Nolo. (2015). *Noncompete agreements: how to create an agreement you can enforce*. Retrieved December 29, 2015, from <http://www.nolo.com/legal-encyclopedia/noncompete-agreements-how-create-agreement-29784.html>
37. B
Decreasing the learning curve for new employees. A community of practice is a group of people who share interest in a subject and meet regularly to improve in that subject area. In the workplace, a community of practice can provide knowledge to new employees so that they can quickly become acclimated to a new position. Communities of practice also add value to professional lives, but this is an individual benefit rather than a benefit for businesses. Communities of practice encourage strategic decision making that is informed by knowledge, rather than reducing it. Finally, communities of practice increase employee retention, decreasing turnover.
SOURCE: KM:005
SOURCE: Mitchel, J., & Wood, S. (2012, Nov 24). *Benefits of communities of practice*. Retrieved December 29, 2015, from <http://www.jma.com.au/upload/pages/communities-of-practice/c-of-p-benefits.pdf?1377489802>
38. B
Sharing. Sharing of knowledge occurs when knowledge is communicated to others, as is the case with Ralph's video conference. Acquisition is the process of gaining or gathering knowledge. Creation is developing new content. Refinement is taking knowledge and making it understandable and usable.
SOURCE: KM:018
SOURCE: King, W. (2009). *Knowledge management and organizational learning*. Retrieved December 29, 2015, from http://www.uky.edu/~gmswan3/575/KM_and_OL.pdf
39. D
Customer loyalty refers to a customer's preference for a business. Customer loyalty exists when a customer regularly purchases a business's goods or services. Many people use the terms customer satisfaction and customer loyalty interchangeably, but this is incorrect. Customer satisfaction and customer loyalty are not negative actions. Companies can work to control customer satisfaction and customer loyalty by taking the proper actions to ensure that customers are both satisfied *and* loyal.
SOURCE: MK:019
SOURCE: MK LAP 3—Just Do It...Right (Company Actions and Results)
40. D
His outline isn't parallel. Parallel outlines use the same structure for each subheading. Verb tense should be the same throughout. The verbs are not necessarily too weak, and there is not a limit on how many verbs can be used. Verbs are used frequently in an outline.
SOURCE: NF:080
SOURCE: Brizee, A., & Tardiff, E. (2013, March 1). *Four main components for effective outlines*. Retrieved December 30, 2015, from <https://owl.english.purdue.edu/owl/resource/544/01/>

41. A
Where and how should we store information? A business must determine where and how to store information when it is assessing its information management needs. Asking about efficient shipping methods is part of operations. Determining who the most valuable employees are is part of human resources. Asking how to reach customers more effectively is a question for marketing.
SOURCE: NF:110
SOURCE: NF LAP 110—In the Know (Nature of Information Management)
42. A
Internet Service Providers. Internet Service Providers (ISPs) are companies that supply Internet connectivity to homes and businesses in exchange for a fee. A customer connects to an ISP's network, which then connects them to the larger Internet network. A Point of Presence is a place for local users to access the ISP's network. A Network Access Point is a place where ISP networks connect with each other. Routers are computers that send messages across the Internet to their destinations.
SOURCE: NF:086
SOURCE: Tyson, J. (1998-2015). *How internet infrastructure works*. Retrieved December 30, 2015, from <http://computer.howstuffworks.com/internet/basics/internet-infrastructure.htm>
43. B
Scheduling. Project management software helps to keep teams on track from the beginning of a project until the end. Project management software does not help to complete financial calculations, store client information, or create visuals. These tasks are more likely to be completed by spreadsheet software, database software, and presentation software respectively.
SOURCE: NF:130
SOURCE: Mohamed, A. (2009, July). *Project management software - essential guide*. Retrieved December 23, 2015, from <http://www.computerweekly.com/feature/Project-management-software-Essential-Guide>
44. D
A library catalog. Database systems organize data for easy retrieval. A library catalog helps libraries organize data and retrieve information about books easily. A chart reflecting sales revenue, a marketing report, and scheduling software are all useful business tools but are not examples of database systems.
SOURCE: NF:141
SOURCE: Wikibooks. (2015, Nov 12). *Introduction to computer information systems/database*. Retrieved December 30, 2015, from https://en.wikibooks.org/wiki/Introduction_to_Computer_Information_Systems/Database
45. A
Visual representation. Once data has been mined, it is helpful to view it in a visual format so that it can be better understood. Visual tools are more easily understood than spreadsheets. Databases are the systems in which the information is stored. Clustering is a way to analyze data, but it does not necessarily aid in interpretation of data.
SOURCE: NF:152
SOURCE: Greiner, L. (2011, January 7). *What is data analysis and data mining?* Retrieved December 30, 2015, from <http://www.dbta.com/Editorial/Trends-and-Applications/What-is-Data-Analysis-and-Data-Mining-73503.aspx>
46. C
Be aware of why the change is necessary. When going through data change, it is important to make sure that everyone involved is aware of why the change is happening and why it will benefit the organization. The organization should not revert back to their old processes after a change. More than one employee (in fact, as many as possible) should be capable of making the change. Finally, changes are most effective when everyone in the organization is in favor of the change.
SOURCE: NF:264
SOURCE: Sarsfield, S. (2010, August 12). *Change management and data governance*. Retrieved December 31, 2015, from <http://data-governance.blogspot.com/2010/08/change-management-and-data-governance.html>

47. C
Lower employee morale. Maggie's firm could maximize profit and reduce costs by reducing employee expenses, but this would most likely cause a decrease in employee morale. Reducing employee expenses would increase profits and would not necessarily affect cost of goods or training costs.
SOURCE: OP:190
SOURCE: Miksen, C. (2016). *Ethical issues in maximizing profit*. Retrieved January 25, 2016, from <http://smallbusiness.chron.com/ethical-issues-maximizing-profit-34328.html>
48. A
Increased training time and costs. If the FDA increased requirements for food allergen awareness for food workers, a restaurant would most likely need to increase training time and costs for employees. These regulations would not directly impact speed, margins, sales, or employee retention.
SOURCE: OP:339
SOURCE: MetricStream. (2016). *Ensuring regulatory compliance through training and certification*. Retrieved January 26, 2016, from http://www.metricstream.com/insights/ensuring_reg_compliance.htm
49. A
Install a firewall on computers. A firewall is a network security system that controls network traffic based on a set of rules. Firewalls control access to network resources and help screen out hackers, viruses and worms. Although backing up data on hard drives is a good practice, it will not prevent hackers and viruses from accessing information. Restricting Internet access is probably not the best course of action for an IT shop. Hiring a security guard would help physical security but would not stop hackers or viruses from accessing the system.
SOURCE: OP:064
SOURCE: Microsoft. (2014). *What is a firewall?* Retrieved January 25, 2016, from <https://www.microsoft.com/en-us/security/pc-security/firewalls-what-is.aspx>
50. D
Trade secret. A trade secret is undisclosed information within a particular business or industry. A patent is the legal protection of an invention or a process granted to its owners by government for a certain number of years. A copyright is the legal protection of books and other artistic works granted by the government and giving their creators sole rights to them for a certain number of years. A trademark is a symbol, design, or word that is used by a producer to identify a good or service and registered with the government to prevent use by others.
SOURCE: OP:153
SOURCE: World Intellectual Property Organization. (n.d.). *What is a trade secret?* Retrieved January 24, 2016, from http://www.wipo.int/sme/en/ip_business/trade_secrets/trade_secrets.htm
51. B
Make a list of her tasks and determine what's most urgent. Marlana should start by making a list of all her tasks, then determining which of those tasks is the most urgent. Her most urgent tasks, not the easiest task, should be completed first. Starting anywhere is not an example of prioritizing work. Marlana should not delegate work to someone else until she has prioritized her tasks.
SOURCE: OP:228
SOURCE: For Dummies. (2016). *How to manage time by prioritizing daily tasks*. Retrieved January 18, 2016, from <http://www.dummies.com/how-to/content/how-to-manage-time-by-prioritizing-daily-tasks.html>
52. A
Communication. Communication skills are an important part of teamwork. Without communication, Mikey and Alana are not able to coordinate their workload efficiently. There is no evidence in this situation that more classroom instruction, time, or money would help their teamwork.
SOURCE: OP:230
SOURCE: Richards, L. (2016). *Importance of team communication skills*. Retrieved January 18, 2016, from <http://smallbusiness.chron.com/importance-team-communication-skills-3079.html>

53. C
Focus everyone on the same big-picture goal. For a team to execute a well-coordinated project, they must all be focused on the same big-picture goals. Team members should not choose their own goals. They should be aware of what other team members are working on before they combine their work at the end. Tasks should not necessarily be randomly assigned.
SOURCE: OP:230
SOURCE: Alnasser, R. (2011, November 17). *7 key elements to a successful team coordination*. Retrieved February 1, 2016, from <http://blog.doolphy.com/2011/11/17/7-key-elements-to-a-successful-team-coordination/>
54. D
Be specific about what tasks need to be done and when they are due. Charlotte should be specific about the tasks that need to be done so that her employees will not be confused. She should also be sure to let them know when their tasks should be done. Charlotte should not do the work herself or watch her employees as they work; this is not effective delegation. Charlotte should only accept work she is fully satisfied with.
SOURCE: OP:354
SOURCE: MindTools. (1996-2016). *Successful delegation*. Retrieved January 20, 2016, from https://www.mindtools.com/pages/article/newLDR_98.htm
55. A
Get input from employees above and below you. When streamlining work processes, it's important to get input from everyone involved. If you attempt to create a new plan yourself, you may not know important information about how other employees do their work. The work process should be broken down into small steps, not looked at as a big picture. Streamlining typically involves eliminating steps, not adding them.
SOURCE: OP:355
SOURCE: Davidson, E. (2016). *How to streamline work process and improve work flow*. Retrieved January 22, 2016, from <http://smallbusiness.chron.com/streamline-work-process-improve-work-flow-3929.html>
56. B
Make your expectations known early. Defining your expectations as clearly as possible in the contract will help ensure a good vendor/supplier relationship. Although separating the people from the company, understanding that the supplier has other customers, and learning the marketplace are all smart tactics to ensure a good relationship, none of these are achieved in the contract.
SOURCE: OP:241
SOURCE: James, J. (2011, September 20). *10 things you can do to ensure good vendor relationships*. Retrieved January 26, 2016, from <http://www.techrepublic.com/blog/10-things/10-things-you-can-do-to-ensure-good-vendor-relationships/>
57. C
The amount of money saved by the company. The amount of money saved by the company is one of the most important and universal performance measurements for any purchasing department. The employee turnover rate is not a performance measurement of purchasing. The price paid for a certain item and the amount of current inventory are not great indicators of purchasing performance because prices and inventory fluctuate due to various circumstances.
SOURCE: OP:247
SOURCE: Murray, M. (2016). *Measuring purchasing performance*. Retrieved January 26, 2016, from http://logistics.about.com/od/strategicsupplychain/a/measure_purchasing.htm
58. B
Blanket. A blanket purchase order is a long-term order for supplying specified goods for a fixed period or quantity, at pre-negotiated prices. Standard, regular, or single-use purchase orders are normally used for one-time purchases of various goods.
SOURCE: OP:250
SOURCE: Tufts University. (2016). *Blanket orders*. Retrieved February 17, 2016, from <http://finance.tufts.edu/purchasing/7-blanket-orders/>

59. A
MRO. MRO (maintenance, repair, and operations) inventory refers to supplies consumed during production, such as cleaning products, office supplies, and repair tools, that do not become part of the finished product. Finished goods inventory refers to the completed products that are ready to be marketed. Work-in-process inventory refers to products that are being used to make the finished goods. Raw materials inventory refers to the component parts that have not yet been used in production.
SOURCE: OP:336
SOURCE: Magloff, L. (2016). *Types of inventory for an organization*. Retrieved February 18, 2016, from <http://smallbusiness.chron.com/types-inventory-organization-14109.html>
60. B
\$98 on the 10th day or \$100 by the 30th day. 2/10, net 30 terms mean you can receive a 2% discount by paying by the 10th day. Net 30 refers to paying the entire balance by the 30th day. None of the other options abide by 2/10, net 30 terms.
SOURCE: OP:337
SOURCE: Rains, J. (2010, November 12). *4 ways to get vendor discounts*. Retrieved January 26, 2016, from <https://www.americanexpress.com/us/small-business/openforum/articles/4-ways-to-get-vendor-discounts-1/>
61. C
Money. Supply chain management deals with material flow, information flow, and money flow. Information flows from the customer to the supplier. Material flow typically moves from the supplier to the customer. Money flows from the customer to the supplier.
SOURCE: OP:303
SOURCE: TPSynergy.com. (2014, June 25). *Flows in supply chain management*. Retrieved January 26, 2016, from <http://tpsynergy.com/blogs/flows-in-supply-chain-management/>
62. C
SWOT analysis. A SWOT analysis is a marketing tool that investigates a business's strengths, weaknesses, opportunities, and threats in an organized fashion. It includes internal and external factors associated with the business. A financial report is a document containing information related to the overall income and expenses of a business. A PESTEL analysis focuses only on external factors—political, economic, social, technological, environmental, and legal. A balance sheet is a financial statement that captures the financial condition of the business at that particular moment.
SOURCE: OP:327
SOURCE: Makos, J. (2015). *The main differences between business analytics and business analysis*. Retrieved January 20, 2016, from <http://pestleanalysis.com/differences-between-business-analytics-and-business-analysis/>
63. B
Consulted. ARCI stands for accountable (who is in charge of the process), responsible (who will carry out specific tasks), consulted (roles that need to be consulted before an action), and informed (who needs to be kept in the picture).
SOURCE: OP:474
SOURCE: Cunningham, W. (2010). *Process thinking*. Retrieved January 20, 2016, from <http://wcunning.com/DMM/Concepts/Process.html>
64. A
Redesign the business processes. When bottlenecks in business processes develop, an effective manager would most likely redesign the business processes to eliminate the bottlenecks. Investing in quality control, implementing an employee incentive program, and/or speeding up production would not eliminate the bottlenecks.
SOURCE: OP:475
SOURCE: Mind Tools. (1996-2016). *Improving business processes*. Retrieved January 26, 2016, from <https://www.mindtools.com/pages/article/improving-business-processes.htm>

65. A
Competition. Competition is one of the main external factors that may cause a firm to change its businesses processes. Although desire for growth, low employee morale, and high operating costs are reasons to change business processes, these are all internal factors.
SOURCE: OP:476
SOURCE: Joseph, C. (2016). *Factors that may cause change in an organization*. Retrieved January 26, 2016, from <http://smallbusiness.chron.com/factors-may-cause-change-organization-203.html>
66. B
Lower warehousing costs. Effective supply chain collaboration will likely result in lower warehousing costs, lower inventory levels, and shorter lead times. Effective supply chain collaboration will not necessarily impact employee turnover.
SOURCE: OP:444
SOURCE: Supply Technologies. (2016). *The importance of supply chain collaboration*. Retrieved January 25, 2016, from <http://www.supplytechnologies.com/blog/the-importance-of-supply-chain-collaboration>
67. C
Supply chain management. Supply chain management is a career area in which employees supervise the complete process of getting products into the marketplace—a career field in which employees are responsible for the flow of goods from the manufacturer to the end user. Inventory control is the tracking of the amount, the kind, and the value of inventory that a business has on hand. The sales force sells the products and services but is not necessarily responsible for delivery. Production is the process of creating goods and services but is not responsible for delivery.
SOURCE: OP:477
SOURCE: University Alliance. (2016). *What is the importance of supply chain management?* Retrieved January 21, 2016, from <http://www.usanfranonline.com/resources/supply-chain-management/what-is-the-importance-of-supply-chain-management/#>
68. D
Can be read much faster. RFID technology can be read much faster than bar codes. RFID technology is more expensive than bar codes, has reader collision concerns, and still has a chance of privacy problems.
SOURCE: OP:478
SOURCE: Technovelgy.com. (n.d.). *Advantages of RFID versus barcodes*. Retrieved January 21, 2016, from <http://www.technovelgy.com/ct/Technology-Article.asp?ArtNum=60>
69. C
Transportation. Supply chain network design aligns purchasing, production, warehousing, inventory, and transportation. Supply chain network design does not incorporate marketing, promotion, or the sales force.
SOURCE: OP:479
SOURCE: Balaji, L.N. (2013, July 8). *How to reduce costs through supply chain network optimization*. Retrieved January 27, 2016, from <http://www.industryweek.com/planning-amp-forecasting/how-reduce-costs-through-supply-chain-network-optimization>
70. C
Risk. Global supply chains have longer supply lines, which increases risk for suppliers. Longer global supply lines often reduce the speed of delivery and may or may not increase product quality for suppliers. Longer global supply lines typically have less visibility than local supply chains.
SOURCE: OP:480
SOURCE: Dittmann, P. (2015, August 21). *Managing risk in the global supply chain*. Retrieved January 27, 2016, from http://www.scmr.com/article/managing_risk_in_the_global_supply_chain1

71. D
How the information is accessed. An effective digital inventory records what information is on what media, where the information is located, and how it is accessed. The order of importance, costs associated with the information, and how the information will be used are not as important while inventorying digital assets.
SOURCE: OP:517
SOURCE: Parrish, S. (2014). *Beyond identity theft: Why you need to protect your digital assets*. Retrieved January 20, 2016, from <http://www.forbes.com/sites/steveparrish/2014/02/10/beyond-identity-theftwhy-you-need-to-protect-your-digital-assets/#2715e4857a0b14a790d82b61>
72. D
Encrypting the information. Encryption is the only method that makes data unreadable to unauthorized users. Installing antivirus software, creating strong passwords, and posting a security policy are all effective means to protect digital customer data, but only encryption makes the information completely unreadable to all unauthorized users.
SOURCE: OP:518
SOURCE: Parker, T. (2014). *How to protect your customer data from theft*. Retrieved January 20, 2016, from <http://quickbooks.intuit.com/r/technology-and-security/how-to-protect-your-customer-data-from-theft>
73. D
They can be short term or long term. Goals are either short term or long term. Short-term goals are objectives that take less than a year to achieve, while long-term goals are objectives that take a year or more to reach. Goals are dynamic, meaning that they can change. They are not the same as wishes or dreams. Goals do not accomplish themselves; instead, you must practice goal-setting and plan how you will work to accomplish your goals.
SOURCE: PD:018
SOURCE: PD LAP 16—Go for the Goal (Goal Setting)
74. C
Seven-step. Logical thinkers who think things through in a step-by-step manner will probably prefer the seven-step method of problem solving. If Kris likes to deal with things in an orderly way, the intuitive, mind-mapping, and reverse brainstorming methods would likely not be her preferred methods.
SOURCE: PD:077
SOURCE: PD LAP 77—No Problem (Demonstrating Problem-Solving Skills)
75. B
Adopting a positive attitude. It may not come naturally to everyone, but creativity is a skill that can be enhanced and developed. Adopting and maintaining a positive attitude is a very important part of developing creativity. Studying business in college, volunteering for team projects, and watching television do not necessarily help a person to become more creative.
SOURCE: PD:012
SOURCE: PD LAP 12—Imagine That (Demonstrating Creativity)
76. B
Passion. Regardless of where their strengths and weaknesses lie, there is one thing that all entrepreneurs have in common—passion. All successful entrepreneurs have passion for what they do, and their businesses are successful because they enjoy their work. Many entrepreneurs start their businesses so that they can enjoy or share a natural talent, interest, or hobby that is important to them. Athleticism is not a trait that all entrepreneurs must have. Entrepreneurs should be open-minded and optimistic.
SOURCE: PD:066
SOURCE: PD LAP 66—Own Your Own (Career Opportunities in Entrepreneurship)

77. D
Helping his office run faster and more efficiently. Employees who work in office management use critical thinking and problem-solving skills to help their offices run faster and more efficiently. Packaging and distributing warehouse orders, helping customers decide how to invest their money, and creating a marketing plan for a new product are not typical job duties for employees in office management.
SOURCE: PD:297
SOURCE: PD LAP 19—Employment Opportunities in Business Management and Administration
78. B
Keeps everyone informed and organized. A project charter is a document completed in the initiation phase of a project that explains the overview, approach, and approval of a project. Project charters are important because they clearly explain all of the details of a project, which keeps everyone informed and organized. Project charters cannot prevent all future disagreements, but they can be a useful resource in resolving issues. Project charters clearly establish the role of the project manager, rather than limiting his/her abilities. Finally, project charters do not allow a team to take shortcuts; in fact, they encourage detail and proper attention to all tasks.
SOURCE: PJ:005
SOURCE: McDonough, M. (2014, Oct 24). *Project charter example for every project manager*. Retrieved December 29, 2015, from <http://www.brighthubpm.com/project-planning/5159-project-charter-example-for-every-project-manager/>
79. B
Deliverables. Deliverables are unique products, results, or capabilities that must be produced to complete a process, phase, or project. The work breakdown structure, which details all of the tasks needed in a project, should include deliverables for each task to show productivity. Phases are distinct periods in the project. Phases generally include tasks, rather than the other way around. Stakeholders are people affected by the outcome of a project as a whole. Project scope statements outline the deliverables and constraints of a project in general, rather than for each task.
SOURCE: PJ:006
SOURCE: Ambriz, R. (2009, Feb 3). *The work breakdown structure*. Retrieved December 29, 2015, from <http://www.mpug.com/articles/the-work-breakdown-structure/>
80. D
Work breakdown structure dictionary. A work breakdown structure dictionary is a resource that accompanies a work breakdown structure and provides relevant information on each component of the WBS. A scope statement is a written description of major deliverables, assumptions, objectives, and constraints of a project. A resource breakdown structure hierarchically organizes and demonstrates all of a project team's resources. A project charter is a document written during the initiation phase that explains the overview, approach, and approval of a project.
SOURCE: PJ:006
SOURCE: Project Management Knowledge. (2007-2010). *Work breakdown structure dictionary*. Retrieved January 12, 2016, from <http://project-management-knowledge.com/definitions/w/work-breakdown-structure-dictionary/>
81. D
To measure project progress. KPIs are readings that enable a manager to assess progress toward the achievement of objectives. While executing and controlling projects, project managers should track the progress of the project by examining KPIs. KPIs do not eliminate risk. They also do not change the project plan, though they may inform the decision to make a change. Finally, KPIs do not communicate the project plan to stakeholders.
SOURCE: PJ:009
SOURCE: Pitagorsky, G. (2013, Jan 23). *Measuring in-progress project performance*. Retrieved December 29, 2015, from <http://www.projecttimes.com/george-pitagorsky/measuring-in-progress-project-performance.html>

82. A
Boosting morale. Managing the project team involves assembling, training, and keeping the team members informed and productive. This may include boosting the team members' morale. While project managers do manage change, prevent scope creep, and report to stakeholders, these tasks are not part of managing the project team itself.
SOURCE: PJ:007
SOURCE: University of Technology Sydney. (2006, April 6). *Managing the project team*. Retrieved December 29, 2015, from <http://www.projects.uts.edu.au/stepbystep/implementing1.html>
83. A
Organize teams to run tasks concurrently. Fast-tracking is a process in which team members complete tasks concurrently, focusing on them simultaneously rather than sequentially. The manager should not refrain from changes because changes might be necessary in order to fast track a project. Adding additional human resources is a different process known as crashing. Finally, in order to fast track a project, a manager might have to decrease his/her central oversight, rather than increasing it.
SOURCE: PJ:010
SOURCE: Lister, J. (2015). *How can fast tracking affect a project?* Retrieved December 29, 2015, from <http://smallbusiness.chron.com/can-fast-tracking-affect-project-32112.html>
84. B
Transferring deliverables. When closing a project, deliverables should be transferred to the customer or other stakeholders. Establishing a project charter comes in the initiation phase of a project. Contracting suppliers is a part of the planning stage of a project. Managing changes comes during the execution phase of a project.
SOURCE: PJ:008
SOURCE: Method123. (2013). *Project management life cycle*. Retrieved December 29, 2015, from <http://www.method123.com/project-lifecycle.php>
85. D
Prevention. Prevention costs are the costs associated with making sure defective products don't get made in the first place (quality assurance). These costs could include the design and engineering process, hiring and training capable employees, purchasing high-quality equipment and materials, etc. Appraisal costs are the costs associated with catching defective products as quickly as possible (quality control). Internal failure costs are the costs associated with defective products *before* they make it to the customer. External failure costs are the costs associated with defective products that have reached the customer.
SOURCE: QM:001
SOURCE: QM LAP 1—Keep It Quality (Nature of Quality Management)
86. B
Produces only 3.4 defects per million parts. A popular quality management framework is Six Sigma, named for the statistical term that indicates only 3.4 defects per million. PDCA uses the plan-do-check-adjust approach. ITIL uses an IT-oriented approach. The company has not created its own quality management framework.
SOURCE: QM:002
SOURCE: University Alliance. (2016). *What is six sigma?* Retrieved February 18, 2016, from http://www.villanovau.com/resources/six-sigma/what-is-six-sigma/#.VsXLE_IrKUK
87. A
They lead to big gains. Breakthrough improvements lead to big gains and are often dramatic. They are usually not as predictable as incremental improvements. Incremental improvements, not breakthrough improvements, happen gradually and constantly.
SOURCE: QM:003
SOURCE: Business Development Bank of Canada. (n.d.). *Continuous improvement: What it is and how it helps your business*. Retrieved February 3, 2016, from https://www.bdc.ca/en/articles-tools/operations/operational-efficiency/pages/continuous-improvement.aspx?PATH=/EN/advice_centre/ask_professionnal/Pages/continuous_improvement.aspx

88. D
Unethical. Unethical behavior can expose businesses to many risks. In this example, the company's unethical decision to lie about product benefits opened it up to lawsuits and a damaged reputation. Lying about a product is not moral. The company was attempting to be profitable, but it most likely lost money after its reputation was hurt and it was sued.
SOURCE: RM:041
SOURCE: Ebersole, J.G. (n.d.). *Ten most significant risks and costs of unethical behavior in business, according to your strategic thinking business coach*. Retrieved February 1, 2016, from <http://www.evancarmichael.com/library/glenn-ebersole/Ten-Most-Significant-Risks-and-Costs-of-Unethical-Behavior-in-Business-According-To-Your-Strategic-Thinking-Business-Coach.html>
89. C
Risk management. If a company wants to be notified of security breaches, it should invest in risk management software. Word processing and presentation software would not help with this. Threat prediction software is not a common name for risk management software.
SOURCE: RM:042
SOURCE: Mohamed, A. (2009, July). *Risk management software: Essential guide*. Retrieved February 3, 2016, from <http://www.computerweekly.com/feature/Risk-Management-Software-Essential-Guide>
90. A
Insuring risks that are otherwise difficult to insure. A captive insurance company is owned and controlled by the people who are insured. It exists to insure its owners' risks. Captive insurance companies are often used to get insurance coverage that would otherwise be unavailable. Higher taxes, higher insurance premiums, and more difficulty obtaining insurance would not be benefits.
SOURCE: RM:043
SOURCE: Bertucelli, R. (2013, March 1). *The benefits of captive insurance companies*. Retrieved February 1, 2016, from <http://www.journalofaccountancy.com/issues/2013/mar/20126102.html>
91. B
Environmental. Environmental risks include natural disasters. When relying on a factory in another country, the automobile manufacturer in Country A assumes the risk that if a natural disaster occurs in Country B, it will possibly be unable to continue production. This is not an example of employee, political, or health and safety risks.
SOURCE: RM:092
SOURCE: NIBusinessInfo.co.uk. (n.d.). *Risk management: The types of risk your business faces*. Retrieved February 2, 2016, from <https://www.nibusinessinfo.co.uk/content/types-risk-your-business-faces>
92. A
Managers must address it before addressing the other management functions. Planning is considered the primary function of management because it must be done first, before other management functions can be addressed. Planning can be costly, but that is not why it's considered the primary management function. The other management functions still need to be addressed. Planning may require feedback and assistance from other employees.
SOURCE: SM:063
SOURCE: CliffsNotes.com. (2015). *Defining planning*. Retrieved January 29, 2016, from <https://www.cliffsnotes.com/study-guides/principles-of-management/organizational-planning/defining-planning>
93. C
Organizing. The organizing management function comes after the planning management function. Organizing involves delegating responsibilities to specific employees. Directing and controlling are other management functions.
SOURCE: SM:064
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (p. 257). Columbus, OH: Glencoe/McGraw-Hill.

94. D
Screening. Screening involves weeding out unqualified job applicants and selecting which ones to interview for the open position. Recruiting doesn't screen applicants, just attracts them to apply. Onboarding refers to the tasks involved with welcoming a new employee to the company. Determining need occurs before recruiting and screening applicants for a job position.
SOURCE: SM:065
SOURCE: SM LAP 4—Dream Team Maker (Staffing)
95. A
Determine employee eligibility for benefits. A manager who is developing compensation plans may determine employee eligibility for certain benefits. Deciding where and when training is best conducted is part of training and developing. Extending job offers and negotiating with candidates are part of selection.
SOURCE: SM:065
SOURCE: SM LAP 4—Dream Team Maker (Staffing)
96. A
Directing. The directing management function involves many activities, including motivating employees to achieve goals and communicating with team members. Planning, organizing, and controlling are other management functions that are less involved with motivating and communicating.
SOURCE: SM:066
SOURCE: Thom, R. (2012, August 1). *Defining the functions of management*. Retrieved January 28, 2016, from http://www.huffingtonpost.com/ryan-thorn/functions-of-management_b_1723977.html
97. C
Controlling. Controlling is the management function that monitors the work effort. If Monica is monitoring the effectiveness of her plan and deciding whether or not the company has met its goals, she is focusing on managerial control. This is not part of the planning, directing, or organizing functions of management.
SOURCE: SM:004
SOURCE: Farese, L.S., Kimbrell, G., & Woloszyk, C.A. (2012). *Marketing essentials* (pp. 257-258). Columbus, OH: Glencoe/McGraw-Hill.
98. D
Learn. For successful innovation to occur, employees must be willing to learn while developing ideas. The development process involves learning and accepting change. Employees do not necessarily have to teach while developing ideas. They should review their results and learn from them, not avoid them. Innovation does not necessarily occur when employees work alone; it may happen when employees are working together.
SOURCE: SM:094
SOURCE: Muse, C., & Smith, J. *Cultivating innovation in the workplace*. Retrieved February 3, 2016, from <http://managementhelp.org/innovation/>
99. D
Explain to all employees why the change is needed and how it will help. The company should communicate to all employees what the change is and why it is occurring. If employees understand why the change is important and how it will help them, they will have an easier time adjusting to the change. The company should not execute the change without telling employees or only let the employees know about the change after it has occurred. All employees should be involved, not just high-ranking employees.
SOURCE: SM:095
SOURCE: Gilbert, J. (2009, April 14). *The change management life cycle; involve your people to ensure success*. Retrieved February 2, 2016, from <http://www.batimes.com/articles/the-change-management-life-cycle-involve-your-people-to-ensure-success.html>

100. B

Companies do not properly execute the change-management lifecycle. Many organizational changes fail because the changes are not implemented properly. Big changes may be difficult to execute throughout entire companies, but it can be done by using the change-management lifecycle. Most people are resistant to change, but executing a change correctly can help them accept the change. Employees may need a large amount of time to adjust to changes.

SOURCE: SM:096

SOURCE: Core, K. (2012, January 20). *The basics of change management*. Retrieved February 2, 2016, from <http://www.examiner.com/article/the-basics-of-change-management>

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