



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

Test Number 1313
Booklet Number _____

Entrepreneurship Exam

ENT – Entrepreneurship Series Event

ETDM – Entrepreneurship Team Decision Making Event

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

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This comprehensive exam was developed by MBA Research exclusively for DECA's 2024-2025 Competitive Events Program. Items have been randomly selected from the MBA Research Test-Item Bank and represent a variety of instructional areas. Performance indicators for this exam are at the career-sustaining, specialist, supervisor, manager, and owner levels. A descriptive test key, including question sources and answer rationale, has been provided to the DECA chartered association advisor.



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1. Which of the following is an example of a during-the-sale touchpoint:
 - A. Word-of-mouth advertising
 - B. Customer satisfaction surveys
 - C. The physical aspects of the business
 - D. Rebates

2. In a startup company's business plan, it has a sales goal for the first year of \$250,000, a sales goal increase of 10% the second year, and increase of 15% for the third year. What is the sales goal amount for the third year?
 - A. \$265,250
 - B. \$316,250
 - C. \$302,000
 - D. \$275,000

3. For marketing research data to be useful, they must
 - A. describe the target market.
 - B. contain researchers' bias.
 - C. be interpreted properly.
 - D. come from multiple sources.

4. Landon wants to start a home-based T-shirt printing business. Which of the following are the most critical equipment and supplies that Landon will need to get his business up and running:
 - A. Printing machine, display cases, and T-shirts
 - B. T-shirts, printing machine, and artwork
 - C. Artwork, T-shirts, and thread
 - D. T-shirts, thread, and display cases

5. Al is thinking about moving his company's headquarters to another city, which would be expensive but would bring the company closer to the raw materials needed for manufacturing. The benefit of moving is
 - A. feasibility.
 - B. independence.
 - C. demand.
 - D. proximity.

6. A new customer moving into your area is a(n)
 - A. weakness.
 - B. strength.
 - C. threat.
 - D. opportunity.

7. A reason that the government requires some businesses to have licenses is that the businesses
 - A. could affect the public welfare.
 - B. are owned by several people.
 - C. have more than 20 employees.
 - D. are located in metropolitan areas.

8. Sari's restaurant is hosting a family fun night with food specials, carnival games, and face painting. She wants to get the word out about the event to the general public, but she's not sure how. Which of the following public relations tools would be most appropriate:
- A. Newsletter
 - B. Email to current customers
 - C. Press conference
 - D. Press release
9. Most business analysis techniques focus on identifying organizational _____ and possibilities for _____.
- A. locations; expansion
 - B. goals; improvement
 - C. projects; partnerships
 - D. capital; fundraising
10. Which of the following best describes problem-solving with appreciative inquiry:
- A. Digging deeper to find underlying causes
 - B. Framing an issue in a positive way
 - C. Thinking of things that could make the issue worse
 - D. Working out issues subconsciously
11. A disadvantage of commercial finance companies as a main source of credit for businesses is that they are often
- A. expensive.
 - B. conservative.
 - C. cautious.
 - D. independent.
12. What should a business manager do to effectively handle an employee's complaint?
- A. Consider several solutions
 - B. Listen to the complaint
 - C. Explain business procedures
 - D. Send the employee to counseling
13. The entrepreneurial discovery process requires knowledge and the recognition of a(n)
- A. preventable accident.
 - B. market need.
 - C. economic crisis.
 - D. creative observation.
14. A customer's experiences with a business are affected by the customer's perceptions and
- A. expectations.
 - B. encouragement.
 - C. appearance.
 - D. leadership.

15. What is the first step in entrepreneurial discovery?
- A. Analyzing the feasibility of an idea
 - B. Screening the product ideas
 - C. Determining the risks and rewards
 - D. Identifying an unmet want or need
16. Which of the following best describes what it means to have a vision:
- A. Having a mental picture of the ideal future
 - B. Encouraging others to achieve their dreams
 - C. Setting clear objectives that you want to achieve
 - D. Being clear-minded and focused at all times
17. When total sales equal total expenses, the business
- A. must cut its operating costs.
 - B. has successfully created economies of scale.
 - C. has reached its break-even point.
 - D. will increase its price markups.
18. TRISM Co. sets an organizational goal to gain 100 new clients. To do so, each sales rep must contact five prospects per week. This is an example of
- A. establishing performance standards.
 - B. designing an organizational structure.
 - C. aligning personal goals with company goals.
 - D. generating new product ideas.
19. What do businesses often analyze when making decisions about how to improve the company?
- A. Training methods
 - B. Privacy factors
 - C. Information skills
 - D. Statistical findings
20. Which of the following is an example of a prediction:
- A. Sales will be up 4% next quarter.
 - B. Sales were up 4% last quarter.
 - C. The business owes \$200,000 in taxes.
 - D. About half of the business's customers are female.
21. Increasing membership by 25% during the next year might be one of the _____ of a health club.
- A. goals
 - B. principles
 - C. strategies
 - D. tactics

22. Willa is ready to take a step back from ownership of her business, but she still wants to remain involved. Willa should
- A. spend more time away from the office.
 - B. sell the company to an employee.
 - C. start a competing business.
 - D. sell the company to a financial investor.
23. Which of the following financial records would you use to identify discrepancies within the general accounting ledger:
- A. Statement of cash flow
 - B. Income statement
 - C. Balance sheet
 - D. Owner's equity statement
24. After being fired from his job, Jack wrote blog posts in which he criticized his former company and all its employees. He made many negative comments, most of which were untrue. What tort is Jack committing?
- A. Invasion of privacy
 - B. Battery
 - C. Negligence
 - D. Defamation
25. Changes in accounts receivable are reflected in
- A. cash from operations.
 - B. financing.
 - C. investing.
 - D. net income.
26. Because their advertisements last only as long as they are on the air, broadcast media are considered _____ media.
- A. space
 - B. affordable
 - C. time
 - D. short-term
27. What type of insurance protects a company from losses incurred when one of its customers is unable to repay a debt because the customer's business was destroyed by a tornado?
- A. Credit
 - B. Property
 - C. Health
 - D. Life
28. The form of discipline that is used to maintain discipline on a day-to-day basis is
- A. time out.
 - B. constructive criticism.
 - C. group counseling.
 - D. peer pressure.

29. A business has decided to talk to several customers individually to understand their preferences and experiences with the business's products. What form of research is the business doing?
- A. Research panels
 - B. A case study
 - C. Focus groups
 - D. Interviews
30. Organizational costs, revenue, and profitability are of limited use in measuring supply chain performance because these measures
- A. tend to work best in certain industries.
 - B. are not changed by managerial decision-making.
 - C. tend to focus on specific units or departments.
 - D. can reflect conditions unrelated to performance.
31. Which of the following statements regarding risk and business objectives is true:
- A. Risk management should not be considered when planning corporate strategy.
 - B. Businesses that have good corporate objectives do not need to plan for risks.
 - C. Businesses should focus primarily on mitigating risks rather than meeting goals.
 - D. Good business plans aim to meet corporate goals while mitigating risks.
32. What do businesses often negotiate with banks during the process of obtaining a loan?
- A. Personal equity
 - B. Interest rate
 - C. Stock value
 - D. Accounts payable
33. If a business budgeted \$245,250 in sales with 60% of that amount for expenses but actual sales were \$280,500 with 65% of that amount spent on expenses, by what amount did the business's monthly income increase or decrease from the amount budgeted?
- A. \$25 decrease
 - B. \$50 increase
 - C. \$65 decrease
 - D. \$75 increase
34. When is the use of email an effective direct-advertising strategy?
- A. A business wants to be sure people read the message.
 - B. The message appeals only to people who have computers.
 - C. The message is too long to be posted on the company's social media account.
 - D. The message appeals to a small audience interested in a specific product.
35. When the owner of a small company conducts an organizational SWOT analysis, it is important for them to
- A. define the business's mission.
 - B. develop strategies for improvement.
 - C. obtain input from employees.
 - D. focus on the threats.

36. It is important that businesses stay on top of their governance reports to ensure compliance because _____ can change frequently.
- A. personnel
 - B. the economy
 - C. regulations
 - D. technology
37. Which of the following is an example of a reason for dismissing an employee that might be considered illegal:
- A. Employee is a temporary worker.
 - B. Employee is a consultant.
 - C. Employee's specialized job no longer exists.
 - D. Employee develops a physical disability.
38. To prevent others from making or selling Evan's invention without permission, he should seek legal protection by applying for a
- A. patent.
 - B. trademark.
 - C. copyright.
 - D. permit.
39. Which of the following is an advantage of the corporation as a form of business ownership:
- A. Tax advantages
 - B. Separate owners and managers
 - C. Limited liability
 - D. Less complex requirements
40. Which of the following public relations communication tools should include all the information a journalist might need to feature a company or product in a news story:
- A. Website collection
 - B. Sponsorship
 - C. Press kit
 - D. Petition
41. One way that managers can promote ethical behavior on the part of everyone in the business is by encouraging employees to
- A. develop a code of ethics.
 - B. be thoughtful of others.
 - C. report unethical actions.
 - D. avoid social situations.
42. Current profits for a business are high. An appropriate course of action for this business would be to
- A. reduce its staff.
 - B. watch its competitors.
 - C. raise its prices.
 - D. increase its advertising.

43. Before assigning a new project to her employees, Joanna establishes the steps that her staff needs to take to complete the project. Joanna is utilizing
- A. agile project management.
 - B. change management.
 - C. business process thinking.
 - D. human resource planning.
44. A business using sales-oriented pricing might achieve which of the following benefits:
- A. Creating an image for the business
 - B. Maximizing profits
 - C. Decreasing market share
 - D. Earning a return on investment
45. What do businesses expect to make when they set prices on goods and services?
- A. Profits
 - B. Quotas
 - C. Payments
 - D. Salaries
46. One of the most important characteristics of a quality good is
- A. responsiveness.
 - B. reliability.
 - C. empathy.
 - D. tangibles.
47. Why is it important for marketing research to be objective?
- A. So that researchers can guide consumers' responses
 - B. So that the data gathered are not influenced by researchers' opinions
 - C. So that researchers can express their own opinions
 - D. So that the data gathered can be analyzed using statistical software
48. Which of the following must occur for supply chain management to be successful:
- A. Emphasis should be placed on internal activities.
 - B. Few people should be involved in operations.
 - C. Producers should be in contact with final customers.
 - D. Goods and communication should flow both ways.
49. What type of contingency plan describes strategies to deal with the loss of intellectual property?
- A. Crisis management plan
 - B. Asset security plan
 - C. Continuity plan
 - D. Safety plan

50. Which of the following has an important impact on a business's willingness to adjust prices:
- A. State of the economy
 - B. Condition of the facility
 - C. Opinions of the competition
 - D. Policies of the company
51. An operating expense incurred by a business when it fails to collect its receivables is called _____ expense.
- A. bad debt
 - B. interest
 - C. advertising
 - D. administrative
52. What does the manufacturing stage of product development entail?
- A. Distributing the product and providing customer service
 - B. Investing in equipment, labor, and infrastructure
 - C. Determining if the product has market demand and how long it will take to reach the market
 - D. Developing a prototype to determine the product's capabilities and efficiency
53. One reason why businesses screen job applications before conducting interviews is to determine if the applicants
- A. have the proper attitudes.
 - B. meet the minimum requirements.
 - C. attended well-known educational institutions.
 - D. earned adequate yearly incomes.
54. Carson has an exciting idea for a new product and needs to acquire funding to start building a prototype. He does not have strong credit, but he does have a wide circle of acquaintances and contacts. What method is best suited for Carson to obtain financial resources?
- A. Angel investors
 - B. Small-business loan
 - C. Crowdfunding
 - D. Credit card
55. Vera Cruz Company management has identified changes to make to increase sales revenue and improve overall profitability. The management team has given information to all appropriate stakeholders. What should the management team do next?
- A. Inform vendors of the changes
 - B. Advertise the changes to customers
 - C. Implement the changes immediately
 - D. Create a change management plan
56. A business should avoid purchasing long-term service contracts for equipment that is
- A. out of warranty.
 - B. highly reliable.
 - C. prone to breakdowns.
 - D. very expensive.

57. What is a benefit of corporate governance?
- A. Increased distance from investors
 - B. Freedom from stakeholder interference
 - C. Improved access to capital
 - D. Ability to bypass sustainability efforts
58. It is particularly challenging for companies to assess external business risks because such risks are
- A. often the result of poor corporate governance.
 - B. primarily due to factors within the company itself.
 - C. generally unpredictable and out of the companies' control.
 - D. usually predictable and in the companies' control.
59. Which of the following is a true statement about selecting employees:
- A. Businesses must determine job applicants' age, education, and job experience.
 - B. Testing the job skills of applicants during the selection process is illegal.
 - C. The employee-selection process does not affect employees' success on the job.
 - D. The selection process is controlled by strict legal guidelines.
60. In which section of his business plan will Paulo discuss each key manager's skills?
- A. Executive summary
 - B. Company description
 - C. Market analysis
 - D. Management plan
61. A common way that companies protect their digital assets is by
- A. giving all employees full access to digital assets.
 - B. hesitating to update software and applications.
 - C. educating all employees on cybersecurity.
 - D. avoiding two-factor authentication when logging in.
62. 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. implement an employee incentive program.
 - B. redesign the business processes.
 - C. invest in quality control.
 - D. speed up production.
63. Which of the following employees would most likely be described as "innovative" by their supervisor:
- A. Anthony, because he is usually quiet during brainstorming sessions
 - B. Elizabeth, because she gets frustrated when she needs to learn new skills
 - C. Jake, because he is always willing to adapt to changes during a project
 - D. Madison, because she prefers to stick to traditional ideas and processes

64. All of a firm's activities and how they function in relation to one another are known as
- A. desired outputs.
 - B. efficiency standards.
 - C. communication goals.
 - D. business operations.
65. Which of the following is a global trend that might encourage an entrepreneur to consider international business opportunities:
- A. Flexible currency rates
 - B. Higher allowances
 - C. Lower tariffs
 - D. Enforceable trade agreements
66. Which of the following is a characteristic of a legally binding contract:
- A. The contract must be written and signed.
 - B. The contract must include an expiration date.
 - C. Something of value must be exchanged.
 - D. One of the parties must be in agreement.
67. Which of the following is a specification that a business might establish for selecting spreadsheet software programs:
- A. Digitally produce marketing data
 - B. Graphically display financial information
 - C. Regularly organize customer information
 - D. Electronically communicate data
68. A sportswear company sells its products through only a couple sporting goods retailers in a specific region. This is an example of _____ distribution.
- A. selective
 - B. intensive
 - C. multiple
 - D. exclusive
69. Identifying market segments helps a business to develop appropriate
- A. economic forecasts.
 - B. marketing strategies.
 - C. organizational records.
 - D. leadership styles.
70. When a company reduces the number of products in its product mix, the company is implementing a(n) _____ strategy.
- A. expansion
 - B. contraction
 - C. alteration
 - D. positioning

71. After conducting a survey of consumers' needs, your company developed a new salt-free, sugar-free vitamin for people pursuing a healthy lifestyle. The research process identified the business's
- A. target market.
 - B. market share.
 - C. geographic segmentation.
 - D. industrial market.
72. Which of the following is a technique that some businesses use to identify a target market for their products:
- A. Analyzing attitudes
 - B. Developing tests
 - C. Forecasting sales
 - D. Conducting surveys
73. Which of the following is an inexpensive method for entrepreneurs to collect information during concept development:
- A. Researching similar products
 - B. Introducing the product to a test market
 - C. Creating a product prototype
 - D. Conducting an observational study
74. A market in which businesses sell products that are basically identical is an example of
- A. perfect competition.
 - B. limited socialism.
 - C. free enterprise.
 - D. monopolistic competition.
75. An example of selling an intangible item to the ultimate consumer is the sale of
- A. food to retailers by a food wholesaler.
 - B. a house by a housing producer.
 - C. health insurance by an insurance company.
 - D. jeans by a department store.
76. The use of intermediaries enables producers to make larger profits because intermediaries
- A. increase the number of retailer-to-producer contacts.
 - B. help reduce the per-unit costs of goods.
 - C. may sell more than the producer could sell on its own.
 - D. enable producers to use direct distribution.
77. What type of ratio is used to measure the ability of a company to turn assets into cash?
- A. Liquidity
 - B. Liability
 - C. Profitability
 - D. Activity

78. Brian needs to buy a used car but lacks negotiating skills. His father suggests he tell the salesman that his father will make the final decision, even though he will not be present. What negotiation tactic is Brian using?
- A. Good cop/Bad cop
 - B. Limited authority
 - C. Bargaining
 - D. Deadline driven
79. Which of the following is an example of a customer engaging in habitual buying behavior:
- A. Lynnette buys paper for her computer printer at the local office-supply store.
 - B. Mike goes to three car dealerships and test-drives different vehicles to determine the one he likes best.
 - C. Porter conducts online research to evaluate several brands of computers and decides to purchase a Dell laptop.
 - D. Gabriella tells her realtor that she wants to look at three-bedroom ranch homes on the northwest side of town.
80. The first step in developing a budget for a department/company is to
- A. use the budget.
 - B. evaluate and revise the budget as necessary.
 - C. gather relevant data.
 - D. choose/create a budget format.
81. The marketing objectives that a business develops for its marketing plan should lead to a(n)
- A. decrease in taxes.
 - B. increase in prices.
 - C. decrease in costs.
 - D. increase in sales.
82. A primary reason for providing customer service is to increase
- A. sales volume.
 - B. employee responsibility.
 - C. the number of salespeople.
 - D. the use of facilities.
83. Which of the following results from an effective business exit strategy:
- A. A drop in the overall value of the business
 - B. A decrease in the future worth and stature of the business
 - C. Higher taxes on the owner's estate, spouse, or family
 - D. A smooth transition for management and stakeholders
84. Which of the following is the best way to describe enterprise risk management:
- A. Firmwide strategy
 - B. Bottom-up approach
 - C. Divisive approach
 - D. Traditional strategy

85. Which of the following are types of criteria that are often used to evaluate the performance of channel members:
- A. Economic goals
 - B. Resale prices
 - C. Liquid assets
 - D. Sales quotas
86. What is one disadvantage of word-of-mouth advertising?
- A. Low risk
 - B. High costs
 - C. Limited control
 - D. Extensive input
87. A role model manager is someone who
- A. forgets about mistakes.
 - B. leads by example.
 - C. follows their own rules.
 - D. takes all the credit.
88. Matt has developed a new app. Before he launches it, he should
- A. sell it to a larger company.
 - B. make sure it has no issues.
 - C. test it with a focus group.
 - D. generate new ideas.
89. Many business professionals say that the ability to sell your ideas
- A. can lead to greater competition at work.
 - B. makes you an unattractive job candidate.
 - C. is not very important in today's workplace.
 - D. is one of the most critical skills for employees.
90. When it comes to building a strategic relationship, it is important to
- A. be open to learning from others.
 - B. focus more on yourself and your needs.
 - C. avoid asking questions.
 - D. keep your ideas to yourself.
91. Which of the following is a true statement about feasibility studies:
- A. They are not useful for nonprofit organizations.
 - B. They are used by businesses in every industry.
 - C. They are especially important for government projects.
 - D. They are inexpensive to conduct.

92. Which of the following is the primary force influencing a company's corporate governance:
- A. Board of directors
 - B. Chief Executive Officer
 - C. President
 - D. Accountants
93. Jana noticed a problem while reviewing her company's monthly income statement. She verified that the total revenue was \$4,590 and the total expenses were \$1,452. However, the income statement showed a net income total of \$1,383. Which of the following reflects the correct net income:
- A. \$3,138
 - B. \$5,973
 - C. \$3,381
 - D. \$1,833
94. If a retailer is trying to clear its inventory of a particular product, which of the following would be the most effective type of sales promotion:
- A. A sweepstakes for a new car
 - B. A booth at a trade show
 - C. A buy-one-get-one-free coupon
 - D. A contest that rewards the 100th customer
95. Which of the following is a source of cash that businesses include in a cash flow statement:
- A. Assets
 - B. Expenses
 - C. Loans
 - D. Payables
96. The overall goal of promotion for most businesses is to
- A. be factual.
 - B. be relevant.
 - C. inform salespeople.
 - D. increase sales.
97. A company that wants to attract a different market segment by offering products that are similar to its core product line should consider a
- A. shallow-variation mix.
 - B. product-mix extension.
 - C. product-line deletion.
 - D. wide-retention strategy.
98. Businesses that develop and implement procedures for employees to follow to expedite task completion are trying to establish efficient
- A. supervision.
 - B. workflows.
 - C. production processes.
 - D. management techniques.

99. What must businesspeople be willing to do to successfully work with people from other cultures?
- A. Limit expectations
 - B. Learn another language
 - C. Accommodate differences
 - D. Promote uniformity
100. If an organization launched a business process redesign to reduce costs, what might result?
- A. Increased spending
 - B. Improved efficiency
 - C. Opening more offices
 - D. Fewer layoffs



KEY

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ETDM – Entrepreneurship Team Decision Making Event

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1. C

The physical aspects of the business. The physical aspects of the business (location, facilities, etc.) are an example of a touchpoint that takes place during a customer's actual buying process. Customer satisfaction surveys and rebates are post-sale touchpoints. Word-of-mouth advertising can happen at any time but is generally considered a presale touchpoint.

SOURCE: CR:001 Identify company's brand promise

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

2. B

\$316,250. A company tracks its business plan to determine if it is meeting its goals. The financial section of the business plan outlines the ways in which the business plans to spend and generate revenue, including the projection of sales revenue. To determine the sales goal for the third year, first determine the sales-dollar goal for the second year. To do this, multiply the current year's sales-dollar projections by the percentage of expected growth to obtain the dollar-amount increase for the second year ($\$250,000 \times .10$ or $10\% = \$25,000$). Then, add together the first year's sales-dollar goal to the second year's expected dollar-amount increase to obtain the second year's sales-dollar goal ($\$250,000 + \$25,000 = \$275,000$). Next, multiply the second year's sales-dollar goal by the percentage of expected growth to obtain the dollar-amount increase for the third year ($\$275,000 \times .15$ or $15\% = \$41,250$). Finally, add together second year's sales-dollar goal to the expected dollar-amount increase for the third year to obtain the sales-dollar goal for the third year ($\$275,000 + \$41,250 = \$316,250$).

SOURCE: SM:006 Track performance of business plan

SOURCE: Scilly, M. (2024). *How to calculate retail sales goals against last year's*. Retrieved October 1, 2024, from <https://smallbusiness.chron.com/calculate-retail-sales-goals-against-last-years-19409.html>

3. C

Be interpreted properly. For research data to be useful, they must be interpreted properly. The data may come from multiple sources, although multiple data sources are not always necessary. The specific nature of the research dictates which data sources are most appropriate. Bias is an inherent danger in research work and something to be avoided. Researchers' personal opinions sometimes impact the data, but reliable, accurate research is objective and free of bias. Although marketing research data are sometimes used to describe the target market, marketing research is also used to analyze the business's sales and market share, to forecast sales and trends, to be more competitive, etc.

SOURCE: IM:010 Explain the nature of marketing research

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

4. B

T-shirts, printing machine, and artwork. The requirements (e.g., time, money, and supplies) that a person needs to start a business differ and usually depend on the nature of the business. The basic requirements for starting a home-based T-shirt printing business are T-shirts, artwork to put on the T-shirts, and a printing machine to transfer the artwork to the T-shirts. Landon does not need thread or display cases to get this type of home-based business up and running.

SOURCE: EN:009 Assess start-up requirements

SOURCE: Martin, M. (2024). *What do I need to start a t-shirt business?* Retrieved September 30, 2024, from <http://smallbusiness.chron.com/need-start-t-shirt-business-2263.html>

5. D

Proximity. Resources are the items or people that a business uses to accomplish a goal or to make a product. Small-business owners must consider both the costs and the benefits in obtaining resources, such as hiring a new employee, contracting a transportation company, or obtaining raw materials for manufacturing. If AI moves the company's headquarters, the costs are the possibility of losing good employees and the financial burden associated with a large move. The benefit of moving is proximity, or being closer to the raw materials the company needs to manufacture its products. The benefit of being closer is that communication might improve due to the proximity, and the company may save transportation costs since the raw materials are closer to the manufacturing equipment. Demand, feasibility, and independence are not benefits of moving the company.

SOURCE: EN:021 Assess the costs/benefits associated with resources

SOURCE: Thevenon, J. (2023, September 8). *The importance of proximity to the customer in product development to stay ahead of the competition*. Retrieved September 30, 2024, from <https://vaie.com/insights/knowledge/the-importance-of-proximity-to-the-customer-in-product-development-to-stay-ahead-of-the-competition>

6. D

Opportunity. A new customer moving into your area is an opportunity. An opportunity is any favorable situation in the environment surrounding your business. A strength is any resource or capability your business has that can help you gain a competitive advantage in your industry. A weakness is any limitation or shortcoming your business has that can keep you from achieving your objectives. A threat is any unfavorable situation in the environment surrounding your business. A new customer moving into your area is not a strength, a weakness, or a threat.

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

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

7. A

Could affect the public welfare. Some businesses could affect the public welfare if they are operated by unqualified persons or if they do not meet health requirements. Businesses such as restaurants and barber shops must meet government requirements in order to obtain a license to operate. If a business does not follow the requirements, the government may revoke its license, and the business will be forced to close. The location of the business, the number of owners, and the size of the staff are not reasons for licensing.

SOURCE: EC:008 Determine the relationship between government and business

SOURCE: LAP-EC-016—Regulate and Protect (Government and Business)

8. D

Press release. A press release is written information provided to the media to obtain publicity about something, oftentimes an event or other noteworthy occurrence. A press release to local news media would be an easy and effective way for Sari to get the basic information about the event out to the public. An email to current customers or a newsletter might inform customers about the event, but they would not inform the general public. A press conference would be inappropriate for this situation; press conferences are generally reserved for major announcements or developments.

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

SOURCE: Prowly. (2024, February 29). *How to write a press release (with tips from PR pros)*. Retrieved October 2, 2024, from <https://prowly.com/magazine/how-to-write-press-release-guide/>

9. B

Goals; improvement. Business analysis is an important part of strategic planning in management. While there are many different techniques for conducting a business analysis, they are generally used to identify needs or goals for an organization and determine solutions or areas of improvement. These techniques can be used for a number of reasons, such as fundraising, partnerships, or expansion, but these techniques are not specifically designed for any one of these objectives.

SOURCE: OP:327 Discuss the nature of business analysis

SOURCE: Villanova University. (2024, March 8). *What is business analysis?* Retrieved October 2, 2024, from <https://www.villanovau.com/resources/business-analysis/what-is-business-analysis/>

10. B

Framing an issue in a positive way. Problems are issues that need solutions. Problem-solving is the process or approach that a person uses to find solutions for problems. Businesspeople can use several approaches to solve various types of work-related problems. Appreciative inquiry is a problem-solving method that encourages the problem-solver to focus on what is working and figure out how to expand on success, rather than focusing on what is broken. Reverse brainstorming is a problem-solving tool that involves identifying ways to make the problem worse and working backwards to identify solutions. Finding the root of a problem involves digging deeper into the original cause of the "surface" problem to prevent the problem from getting worse or reoccurring. Intuitive problem-solving involves working out issues subconsciously by putting them "on the back burner" while you go about your daily routine.

SOURCE: PD:077 Demonstrate problem-solving skills

SOURCE: LAP-PD-077—No Problem (Demonstrating Problem-Solving Skills)

11. A

Expensive. Businesses that obtain credit from commercial finance companies should know that they are often expensive. Commercial finance companies usually are willing to take risks and extend credit to businesses, but they tend to charge high interest rates on the borrowed money to compensate for the possibility of not collecting on the debt. Commercial finance companies tend not to be as conservative and cautious as commercial banks when it comes to extending credit. Whether the finance company is independent or part of a chain would not be a factor.

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

SOURCE: Corporate Finance Institute. (2024). *Commercial credit analyst*. Retrieved October 1, 2024, from <https://corporatefinanceinstitute.com/resources/knowledge/credit/commercial-credit/>

12. A

Consider several solutions. There usually are several ways to solve problems and effectively handle an employee's complaint. Frequently, employees who voice complaints have determined what they consider to be the best solution to the problem. Managers should consider those solutions and encourage employees to participate in developing additional solutions. Managers and employees working together to analyze various solutions will help them to select one that best meets the needs of all the parties involved. Managers need to do more than listen to the complaint; they need to take action to resolve the problem. Explaining business procedures or sending the employee to counseling are not ways of effectively handling an employee's complaint.

SOURCE: HR:366 Handle employee complaints and grievances

SOURCE: Indeed. (2024). *Employee complaints: Properly listening to team members*. Retrieved September 30, 2024, from <https://www.indeed.com/hire/c/info/employment-complaints?>

13. B

Market need. A market need occurs when demand for a product is not met. Entrepreneurial discovery is the process of detecting and matching product and market opportunities with one another in a manner that satisfies the market and the business. For example, there may be a demand for a medication to treat an illness, but because the illness is a new strain, no medication is available. Therefore, a market need exists, and the scientist uses their knowledge to invent a medication to treat the illness. Entrepreneurial discovery does not require a preventable accident, economic crisis, or creative observation to begin the process.

SOURCE: EN:002 Discuss entrepreneurial discovery processes

SOURCE: Indeed. (2023, January 26). *Market needs: What they are and 9 strategies to define them*. Retrieved September 30, 2024, from <https://www.indeed.com/career-advice/career-development/market-needs>

14. A

Expectations. All of the touch points and associations that a buyer or potential buyer has with a business affect their experiences with the business. These associations might include the customer's exposure to the business's promotional media, communication with employees, and satisfaction levels with the business's environment, goods, and services. The degree to which these contacts satisfy the customer's needs and wants are their expectations. When an association differs from the customer's expectations, it affects the customer's experience with the business—the experience may exceed or fall below expectations. For example, if a product does not perform as well as the customer would like, then the customer's experience would likely be negative. Or, if the business's facility is cleaner and friendlier than the customer thought it would be, the business exceeds the customer's expectations. The business's appearance, the level of encouragement given to employees, and the managers' leadership skills may affect its customers' experiences.

SOURCE: PM:138 Evaluate customer experience

SOURCE: Wintermantel, H. (2024, May 2). *Customer expectations: Definition, types, and tips*. Retrieved October 2, 2024, from <https://www.zendesk.com/blog/customer-expectations-meet-rising-demands/>

15. D

Identifying an unmet want or need. Entrepreneurial discovery is the process of detecting and matching product and market opportunities with one another in a manner that satisfies the market and the business. This requires the entrepreneur or small-business owner to conduct research to discover what the market needs or wants. Screening ideas and analyzing the feasibility of an idea are steps that occur after identifying a want or need. Determining risks and rewards are considerations when conducting a feasibility analysis.

SOURCE: EN:001 Explain the need for entrepreneurial discovery

SOURCE: Wood, U. (2016, December 23). *How to grow your market by identifying unmet needs*. Retrieved September 30, 2024, from <https://www.bizjournals.com/bizjournals/how-to/marketing/2016/12/how-to-grow-your-market-by-identifying-unmet-needs.html>

16. A

Having a mental picture of the ideal future. A vision is a mental snapshot of your desired future. Having a vision does not mean setting clear objectives that you want to achieve, although you may set goals and objectives as part of creating your vision. Being clear-minded and focused at all times and encouraging others to achieve their dreams do not describe what it means to have a vision.

SOURCE: EI:063 Determine personal vision

SOURCE: LAP-EI-063—Picture This! (Determining Personal Vision)

17. C

Has reached its break-even point. When total sales equal total expenses, the business has reached its break-even point. It has not yet made a profit, but it has not incurred any losses. When total sales equal total expenses, it is not necessary for a business to cut its operating costs or to increase its price markups. It does not necessarily mean that the business has successfully created economies of scale.

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

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

18. A

Establishing performance standards. Performance standards are mechanisms used to track, monitor, and measure success. When employees have performance standards that are aligned with organizational goals, it is much more likely that the company will accomplish those goals. Contacting five prospects per week is a performance standard that is in line with TRISM Co.'s organizational goals. This is not an example of aligning personal goals with company goals, designing an organizational structure, or generating new product ideas.

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

SOURCE: Indeed. (2024, August 15). *Performance standards: What are they and why they're important*. Retrieved October 1, 2024, from <https://www.indeed.com/career-advice/career-development/performance-standards>

19. D

Statistical findings. Statistics are information presented in numerical form. For the statistics to be useful, businesses must analyze and interpret them. For example, it may be important for businesses to find out how many customers are in certain age groups, and then convert those figures to percentages to determine which groups make the most purchases. By analyzing this type of statistical finding, businesses can make decisions about targeting certain groups to increase sales and profits. Businesses might analyze training results rather than training methods. They do not analyze information skills or privacy factors when making business decisions to improve the company.

SOURCE: NF:093 Interpret statistical findings

SOURCE: Business Analysis School. (2023, July 26). *The importance of business analysis for strategic decision making*. Retrieved September 30, 2024, from <https://www.businessanalysisschool.com/post/the-importance-of-business-analysis-for-strategic-decision-making>

20. A

Sales will be up 4% next quarter. This is an example of a sales forecast, or a prediction. A prediction is a statement made about the future. About half the business's customers are female—this is an estimate, or an approximation. The business's owing \$200,000 in taxes and a report on sales from last quarter are facts, or true and verifiable statements.

SOURCE: IM:012 Describe the need for marketing data

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

21. A

Goals. Goals are things or objectives that businesses want to attain. Increasing membership by 25% during the next year is a specific goal. Strategies are plans of action for achieving goals and objectives. Tactics are specific actions that will be used to carry out strategies. Principles refer to rules of conduct.

SOURCE: MP:001 Explain the concept of marketing strategies

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

22. B

Sell the company to an employee. An internal exit from a business occurs when the business owner sells the organization to an employee. If Willa wants to take a step back from ownership, but still wants to be involved, she should consider selling his business internally to an employee or manager at the company. This will allow her to remain involved and transition slowly and steadily into a new role. Selling the company to a financial investor is an external exit. Generally, it is more difficult for an owner to remain involved when the company is sold to a third party outside of the organization. Starting a competing business will not necessarily help Willa take a step back while staying involved with her current business. Finally, spending more time away from the office is not a realistic solution because Willa would still have responsibility for the ownership of her business.

SOURCE: EN:036 Evaluate options for continued venture involvement

SOURCE: The Hartford. (2024). *Option 2: Sell to your employees through an ESOP*. Retrieved October 1, 2024, from <https://www.thehartford.com/business-insurance/strategy/selling-a-business/sell-to-employees-esop>

23. C

Balance sheet. The balance sheet provides a snapshot of a business's financial situation at a specific point in time. It can be used to help find discrepancies within the general accounting ledger such as negative balances, which may indicate payments have been misapplied or misallocated. An income statement reports a company's overall financial performance in terms of cash flow, income, and profits. An owner's equity statement reports the changes in the equity section of the balance sheet. A statement of cash flow reveals a company's predicted cash inflows and outflows and therefore is not useful in identifying discrepancies in a general accounting ledger.

SOURCE: FI:653 Verify the accuracy of business financial records

SOURCE: Kenton, W. (2024, February 19). *Financial statement analysis: How it's done, by statement type*. Retrieved October 1, 2024, from <https://www.investopedia.com/terms/f/financial-statement-analysis.asp>

24. D

Defamation. Defamation is the publication of an untrue statement that subjects an entity to ridicule or contempt. Jack is publishing untrue information about his former employer out of spite, so he is committing defamation. Invasion of privacy occurs when a person's personal life is exposed unnecessarily. Battery is intentionally touching another in a harmful or offensive way without justification. Negligence includes situations in which harm is caused accidentally. None of these three types of torts apply to Jack.

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

SOURCE: Rafii, R. (2023, June 30). *Defamation, libel, and slander*. Retrieved September 30, 2024, from <https://www.findlaw.com/injury/torts-and-personal-injuries/defamation-libel-slander.html>

25. A

Cash from operations. Cash flow includes three components by which cash enters and leaves a company: cash from operations, investing, and financing. Cash from operations includes how much cash is generated from a company's products or services. Accounts receivable is included in this section. Net income is not the same as cash flow because it also includes sales made with credit.

SOURCE: FI:541 Interpret cash-flow statements

SOURCE: Murphy, C.B. (2024, August 9). *Cash flow statement: What it is and how to read one*. Retrieved October 2, 2024, from <https://www.investopedia.com/investing/what-is-a-cash-flow-statement/>

26. C

Time. Broadcast media (TV and radio) are considered time media, as opposed to space media, because their advertisements last only as long as they are on the air. Printed publications, such as newspapers and magazines are space media, because the cost and impact of their advertisements can depend on the ads' sizes—the space that they take up on the page. Broadcast media are not considered short-term media, and they are not necessarily affordable media, because some TV advertisements are highly expensive.

SOURCE: PR:007 Explain types of advertising media

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

27. A

Credit. Credit insurance is used by businesses to protect themselves against losses on credit extended to customers. If the company cannot collect its bill, the insurance company will pay the loss. However, the insurance only covers abnormal bad-debt losses rather than normal losses that are predictable. Property insurance protects against fire and burglary, and protects business income, transportation, and vehicles. Life insurance is paid upon a person's death. Health insurance provides protection against health care expenses.

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

SOURCE: Choudhuri-Wade, R. (2024, April 10). *What is credit insurance?* Retrieved October 1, 2024, from <https://www.nerdwallet.com/article/loans/what-is-credit-insurance>

28. B

Constructive criticism. Constructive criticism is a form of corrective discipline that involves providing feedback on workplace behavior to employees as a means of fostering improved performance. Its use provides a valuable remedial option for managers and supervisors as it has wide application to minor performance or rule violations in organizations. Peer pressure is often a cause of employee infractions since coworkers can encourage negative behavior. Time out is a technique used to discipline children by removing them from the rest of the group for a period of time. Group counseling is used to handle large, common problems.

SOURCE: HR:369 Explain the nature of remedial action

SOURCE: Martins, J. (2024, August 16). *How to give (and take) constructive criticism.* Retrieved September 30, 2024, from <https://asana.com/resources/constructive-criticism>

29. D

Interviews. Interviews are generally done individually and are useful for getting detailed answers to specific questions. They are also useful because the questioner can ask follow-up questions based on a respondent's answers. A focus group generally involves multiple people discussing a specific topic together. Research panels are similarly done in a group setting. A case study is more focused on a specific situation than conversing with a person to get information.

SOURCE: NF:216 Translate research findings into actionable business recommendations

SOURCE: Fontanella, C. (2024, February 9). *9 benefits of customer interviews & how to conduct them.* Retrieved September 30, 2024, from <https://blog.hubspot.com/service/customer-interviews>

30. D

Can reflect conditions unrelated to performance. Organizational costs, revenue, and profitability are of limited use in measuring supply chain performance because external conditions can cause these measures to fluctuate regardless of supply chain performance. Profitability, for example, can be easily affected by a drop in material costs that are unrelated to any managerial decisions. These measures are also limited in that they are not useful in pinpointing issues in specific departments or units due to interdependence in the supply chain. Even though there are limits to these measures, they can still be useful when considered with other factors. These measures are useful because they can be altered by managerial decisions and because they can be used in a wide variety of industries.

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

SOURCE: Fernando, J. (2024, June 27). *Supply chain management (SCM): How it works & why it's important*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/s/scm.asp>

31. D

Good business plans aim to meet corporate goals while mitigating risks. Effective strategic plans focus equally on meeting corporate goals and planning for potential risks. Businesses that have good corporate objectives should still plan for potential risks since risks can seriously harm a company's ability to meet its objectives. Risk management and goal achievement should both be priorities when planning corporate strategy. Businesses should focus equally on meeting goals and mitigating risks.

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

SOURCE: Kenton, W. (2024, June 12). *Business risk: Definition, factors, and examples*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/b/businessrisk.asp>

32. B

Interest rate. Interest rate is the percentage figure used in calculating interest charges. The interest rate charged by banks is usually based on the prime rate, which is the rate offered by banks to their best credit customers. Other customers usually pay a rate of prime plus. For example, if the prime rate is 6%, a bank may offer a business the rate of prime plus three for an interest rate of 9%. Businesses often negotiate the interest rate in order to obtain the best rate possible. They may offer more collateral or ask for a smaller loan to get a better rate that will save money over the life of the loan. Stock value is the worth of a corporation's shares of ownership. Accounts payable are all the monies owed by the business to others. Personal equity is the money that the owner has invested in the business.

SOURCE: FI:033 Complete loan application package

SOURCE: Fernandes, P. (2024, March 1). *How to negotiate better terms on a commercial loan*. Retrieved October 1, 2024, from <https://www.nationalbusinesscapital.com/blog/negotiate-better-terms-commercial-loan/>

33. D

\$75 increase. Businesses use budget information to monitor sales and expenses and to compare budgeted amounts with actual figures. In some cases, if sales and expenses both increase over the amount budgeted, the business's income will also increase. In this example, the business's actual sales increased over the budgeted amount, but so did the percentage of revenue that was spent on expenses. To determine if the increase resulted in increased or decreased income, first calculate the amount of income in the original budget by multiplying the sales figure by the percent of expenses ($\$245,250 \times 60\%$ or $.60 = \$147,150$). Then, subtract expenses from sales to determine the amount budgeted for income ($\$245,250 - \$147,150 = \$98,100$). Next calculate the amount of actual income by multiplying the actual sales by the percent of expenses ($\$280,500 \times 65\%$ or $.65 = \$182,325$). Then, subtract expenses from sales to determine actual income ($\$280,500 - \$182,325 = \$98,175$). The business budgeted \$98,100 for income, but the actual amount was \$98,175; therefore, the actual amount was \$75 more than planned ($\$98,175 - \$98,100 = \75).

SOURCE: OP:030 Use budgets to control operations

SOURCE: Indeed. (2024, June 28). *Calculating net income for businesses and individuals (with formulas)*. Retrieved October 1, 2024, from <https://www.indeed.com/career-advice/career-development/how-to-calculate-net-income-for-business>

34. D

The message appeals to a small audience interested in a specific product. The use of email allows a business to target small audiences spread over a vast geographic area. Email, however, can be ignored as easily as other advertising messages. Most email advertising does not deal specifically with computer-related products. Message length is irrelevant.

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

SOURCE: Mailchimp. (2024, April 30). *Email marketing*. Retrieved October 2, 2024, from <https://mailchimp.com/marketing-glossary/email-marketing/>

35. C

Obtain input from employees. When conducting a SWOT analysis, it is always a good idea to obtain input from employees throughout all levels of the organization. Each employee has a unique perspective and can often provide insights and feedback that may help the business improve and grow. Although threats (e.g., new competitors) are important considerations, the business's strengths, opportunities, and weaknesses are equally important to address. After conducting the SWOT analysis, the business owner can analyze the information and work with managers to develop strategies to improve weaknesses, maximize strengths, mitigate threats, and act on opportunities. The business should define its mission in its business plan and use its mission statement to guide decision-making when setting objectives and developing strategies to carry out the business's work.

SOURCE: SM:010 Conduct an organizational SWOT

SOURCE: Raeburn, A. (2024, February 24). *SWOT analysis: Examples and templates*. Retrieved October 1, 2024, from <https://asana.com/resources/swot-analysis>

36. C

Regulations. Governance reports detail activities completed and efforts taken by companies to make sure their business operations are compliant with regulations. If regulations change, then governance reports help businesses document any necessary changes and their response to these changes. While personnel, the economy, and technology can and do change frequently, they are not related to governance reports and compliance with business regulations.

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

SOURCE: Raymond A. Mason School of Business. (2024, May 6). *Corporate governance and financial reporting: Importance, regulations, and compliance*. Retrieved October 2, 2024, from <https://online.mason.wm.edu/blog/corporate-governance-and-financial-reporting>

37. D

Employee develops a physical disability. A variety of personnel laws and regulations make it difficult for businesses to dismiss employees without a significant reason. These laws and regulations are intended to protect employees from being terminated for no legitimate reason. For example, it is not necessarily legal to dismiss an employee who develops a physical disability if the disability does not interfere with the employee's ability to work. People with disabilities are able to perform many jobs, and they may not be dismissed simply because they develop a physical disability. For example, a person who uses a wheelchair is still able to perform many business functions. Consultants and temporary workers are not full-time employees of the business and may be dismissed legally. If an employee's specialized job no longer exists and there are no other comparable jobs available, it is legal for a business to dismiss the employee.

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

SOURCE: Parker, S. (2024, August 18). *What is wrongful termination? (with examples and checklist)*. Retrieved September 30, 2024, from <https://www.indeed.com/career-advice/starting-new-job/wrongful-termination>

38. A

Patent. A patent is legal protection of an invention or process granted by a government agency to its owners for a certain period of years. A trademark is legal protection granted by the government to the owner, usually a business, of a distinctive symbol, logo, mark, name, or motto. A copyright legally protects the originator of written, musical, or artistic works. A permit is a document that a government issues to a person, group, or business to conduct a specific activity for a certain time.

SOURCE: EN:013 Select strategies to protect intellectual property

SOURCE: Kenton, W. (2024, May 24). *What is a patent in simple terms? With examples*. Retrieved September 30, 2024, from <https://www.investopedia.com/terms/p/patent.asp#toc-how-to-apply-for-a-patent>

39. C

Limited liability. Stockholders will lose only the amount of the money they invested if the business fails. Their personal belongings cannot be taken in order to pay the business's debts. Separate owners and managers is a disadvantage of corporations. Corporations have more complex requirements than the other forms of business ownership. Dual taxation is a disadvantage of corporations.

SOURCE: BL:006 Select form of business ownership

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

40. C

Press kit. A press kit is a set of articles and pictures provided to the media to obtain publicity; press kits can include a company description, contact information, case studies, testimonials, and more. A sponsorship is an agreement that allows a company to pay a fee to an organization or event for the right to affiliate itself with that organization or event. A petition is a formal document that typically contains many people's signatures and is submitted to a court or elected official to ask them to address an injustice. A website collection is a fictitious term not associated with public relations activities.

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

SOURCE: Sukhraj, R. (2024, May 29). *What is a media kit – And how to make one that wows*. Retrieved October 2, 2024, from <https://blog.hubspot.com/marketing/media-kit-examples>

41. C

Report unethical actions. Managers can promote ethical behavior in the business by encouraging employees to report unethical actions. If employees know that unethical behavior will not be tolerated and that such behavior will be punished, they are more likely to behave in an ethical way. By reporting unethical behavior, employees are helping managers enforce ethics in the business. The managers, rather than the employees, are responsible for developing a code of ethics for the business. Managers do not promote ethical behavior in the business by encouraging employees to be thoughtful of others or to avoid social situations.

SOURCE: SM:002 Explain the nature of managerial ethics

SOURCE: Chrysos. (2024). *Top 10 tips for...improving ethics in the workplace*. Retrieved October 1, 2024, from <https://www.chrysos.org.uk/blog/top-10-tips-for-improving-ethics-in-your-workplace>

42. B

Watch its competitors. A business with high profits usually has high sales, and competitors often try to attract such a business's customers. The business should pay attention to competitors' activities so that its current profits can be maintained. Since profits are high, the business's advertising does not need to be increased. The business should not reduce its staff or raise its prices as that may cause it to lose sales.

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

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

43. C

Business process thinking. Business process thinking is a method of thinking that emphasizes the importance of processes in business. Managers who use business process thinking would most likely establish the necessary steps to complete a project before assigning the project to staff. Human resource planning, agile project management, and change management are also important business practices, but they are not described in this example.

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

SOURCE: Kothari, A. (2024, May 22). *Importance of process of thinking in business management*. Retrieved October 2, 2024, from <https://tallyfy.com/process-thinking/>

44. A

Creating an image for the business. Sales-oriented pricing is a category of pricing objectives that focus on increasing the total amount of income from sales. The selling prices a business chooses create its image. Prices might be used to give the business a discount or an exclusive image. Other benefits a business might achieve with sales-oriented pricing are being more competitive and obtaining, maintaining, or increasing—not decreasing—market share. Earning a return on investment and maximizing profits are benefits a business might achieve through profit-oriented pricing—a category of pricing objectives that focus on profit for the business.

SOURCE: PI:002 Explain factors affecting pricing decisions

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

45. A

Profits. Profit is the monetary reward a business owner receives for taking the risk involved in investing in a business. Businesses set prices on goods and services that will make a profit. Businesses expect that the sale of goods and services will generate sufficient profit to achieve the return on investment they want. If businesses can't set prices high enough to make a profit, they probably won't market those goods and services. Businesses do not expect to make salaries or payments when they set prices on goods and services. Quotas are specific goals to be met.

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

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

46. B

Reliability. One of the most important characteristics of a quality good is reliability. Customers are looking for products they can count on. Empathy, tangibles, and responsiveness are characteristics that customers seek in a quality service provider.

SOURCE: QM:001 Explain the nature of quality management

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

47. B

So that the data gathered are not influenced by researchers' opinions. Researchers must be very careful not to express their own opinions or try to sway consumers' responses. Revealing their biases could influence what respondents say, reducing the objectivity of the data collected. Objective data give the business valid information to use in decision-making. Data that are not objective can be analyzed using statistical software, but the data would not benefit the business.

SOURCE: IM:010 Explain the nature of marketing research

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

48. D

Goods and communication should flow both ways. In a supply chain, goods and information should flow back and forth among all supply chain members, rather than merely going in one direction. Producers should not necessarily be in contact with the final consumer. Emphasis is placed more on internal activities in operations management, rather than in supply chain management. Finally, there is no set number of people that should be involved in operations; it depends on the nature of the company.

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

SOURCE: Fernando, J. (2024, June 27). *Supply chain management (SCM): How it works and why it's important*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/s/scm.asp>

49. B

Asset security plan. Asset security plans describe ways to deal with the loss of valuable assets such as intellectual property, key business data, key machinery, or other valuable assets needed to operate. A continuity plan describes strategies to deal with a potential shutdown of business operations. A safety plan describes strategies to help prevent employee injury during daily operations and in emergency situations. A crisis management plan includes strategies for dealing with severe situations such as natural disasters, terrorist attacks, fires, employee injuries, employment strikes, and other catastrophes.

SOURCE: SM:012 Develop action plans

SOURCE: Martins, J. (2024, January 17). *What is a contingency plan? A guide to contingency planning*. Retrieved October 1, 2024, from <https://asana.com/resources/contingency-plan>

50. A

State of the economy. Because pricing is a tug-of-war, businesses need to be willing to adjust their prices. These adjustments can be increases or decreases, depending on the circumstances faced by the business. One circumstance that is important is the state of the economy. If economic times are bad, businesses usually lower prices to attract customers. However, when economic conditions are good, businesses might increase prices because customers are willing to spend. Businesses usually do not adjust prices because of company policies, the opinions of the competition, or the condition of the facility.

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

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

51. A

Bad debt. Interest expense is money a borrower must pay for the use of the borrowed money. Expenses incurred in the general operation of the business are called administrative expenses. Advertising expenses include radio and television commercials, newspaper and magazine advertisements, etc.

SOURCE: OP:029 Develop expense control plans

SOURCE: Tuovila, A. (2024, June 17). *Bad debt expense definition and methods for estimating*. Retrieved October 1, 2024, from <https://www.investopedia.com/terms/b/bad-debt-expense.asp>

52. B

Investing in equipment, labor, and infrastructure. The manufacturing stage of product development entails investing in equipment, labor, and infrastructure to produce the product. Developing a prototype to determine the product's capabilities and efficiency occurs before the manufacturing stage of product development. Determining if the product has market demand and how long it will take to reach the market occurs during the planning stage of product development. Distributing the product and providing customer service occurs after the product has been manufactured.

SOURCE: OP:017 Explain the concept of production

SOURCE: Product Resources. (2024). *The 6 stages of product manufacturing*. Retrieved October 1, 2024, from <https://prodres.com/process/>

53. B

Meet the minimum requirements. Businesses often require job applicants to complete employment applications. The application provides the company with a snapshot of an applicant's education, skills, training, and employment history. Then, the business screens the information to determine if the applicant meets the minimal requirements for a specific position. Businesses do not want to spend time interviewing applicants who do not have the background or experience to do the job. Screening job applications will not help businesses determine if applicants have the proper attitudes. Businesses need to know if applicants have the necessary educational background rather than if they attended well-known educational institutions. Businesses do not screen applications to determine if the applicants earned adequate yearly incomes.

SOURCE: HR:354 Screen job applications/resumes

SOURCE: Indeed. (2024, July 30). *How to screen job applicants: 14 best practices and tips*. Retrieved September 30, 2024, from <https://www.indeed.com/career-advice/career-development/how-to-screen-job-applicants>

54. C

Crowdfunding. Crowdfunding is a practice of funding a venture by raising small amounts of money from a large number of people, typically online. Crowdfunding is appropriate for Carson because he has a large number of acquaintances and contacts who could help him spread the word about his product. Small-business loans, angel investors, and credit cards might not be as well suited for Carson due to his lack of strong credit.

SOURCE: EN:015 Describe processes used to acquire adequate financial resources for venture creation/start-up

SOURCE: Smith, T. (2024, May 30). *Crowdfunding: What it is, how it works, and popular websites*. Retrieved September 30, 2024, from <https://www.investopedia.com/terms/c/crowdfunding.asp>

55. D

Create a change management plan. After identifying necessary changes and communicating those changes to the appropriate stakeholders, the next step that a management team should take is creating a change management plan to serve as a road map for the business as changes are implemented. If vendors or customers will be impacted by the change, it would be wise to inform them of the changes at some point, but first management should create a plan for implementing and managing the changes.

SOURCE: SM:095 Explain the nature of change management

SOURCE: Simon, J. (2024). *Characteristics of change management*. Retrieved October 2, 2024, from <https://smallbusiness.chron.com/characteristics-change-management-43922.html>

56. B

Highly reliable. If the equipment is durable and does not require frequent maintenance or repair, it may not be cost effective for a business to purchase a long-term service contract. If the equipment is out of warranty, expensive, prone to breakdowns, and used frequently on a regular basis, it might be in the business's best interest to purchase a long-term service contract because the business could possibly pay a lot more money to maintain and fix the equipment than it would be to pay for the service contract.

SOURCE: OP:027 Negotiate service and maintenance contracts

SOURCE: PTP. (2024). *Why long-term services contracts are often bad for the buyer*. Retrieved October 1, 2024, from <https://ptp.cloud/why-long-term-services-contracts-are-often-bad-for-the-buyer/>

57. C

Improved access to capital. Corporate governance includes the structures and processes that direct and control companies. Evidence indicates that well-governed companies receive higher market valuations and have increased capital flows. Strong corporate governance practices do not increase distance from investors; rather, corporate governance makes companies more accountable and transparent to investors. Corporate governance does not give companies the ability to bypass sustainability efforts. It instead gives them more tools to increase sustainability. Finally, corporate governance increases stakeholder involvement, rather than limiting it.

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

SOURCE: Chen, J. (2024, September 12). *Corporate Governance: Definition, principles, models, and examples*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/c/corporategovernance.asp>

58. C

Generally unpredictable and out of the companies' control. External business risks such as natural disasters, economic downturns, and changes in legal regulations are generally unpredictable and out of a company's control. External business risks are the result of factors outside of a business, not the result of factors within the company itself (such as poor corporate governance).

SOURCE: RM:094 Assess business risks

SOURCE: Kenton, W. (2024, June 12). *Business risk: Definition, factors, and examples*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/b/businessrisk.asp>

59. D

The selection process is controlled by strict legal guidelines. There are numerous laws governing what businesses may and may not do in the process of selecting new employees. For example, testing specific job skills is legal but some forms of testing are not. Employers may ask about a job applicant's educational background and job experience, but they may not ask the applicant's age, race, national origin, or marital status. The employee-selection process does affect employees' success on the job. A good selection process puts employees into jobs for which they have appropriate skills and at which they can, therefore, be successful.

SOURCE: HR:356 Select and hire new employees

SOURCE: Indeed. (2024). *Employee selection process: 9 steps to your next hire*. Retrieved September 30, 2024, from <https://www.indeed.com/hire/c/info/employee-selection-processes?>

60. D

Management plan. The managers' skills are discussed in the management plan section. The managers' capabilities (and track record) are often considered to be the single most important indicator of success. The company description accurately portrays the new company or venture, provides a history of the company, and shows the current business structure, among other things. The executive summary gives an overview of the entire document. In the market analysis, you see how the market has responded (or is likely to respond) to the new company or product/venture.

SOURCE: SM:007 Explain the nature of business plans

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

61. C

Educating all employees on cybersecurity. Digital assets are things of value that a business owns that exist online. Examples of digital assets can include a company website, company social media accounts, customer information, and company photos. Employee education is a big part of protecting digital assets, as employees who know cybersecurity best practices are more likely to know what to do and what not to do when potential threats arise. Using a two-factor authentication when logging in and updating software and applications are great ways to protect digital assets. Rather than giving everyone full access to digital assets, a company should limit access to only the team members who need to use them.

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

SOURCE: Kelly, K. (2024, September 3). *What is cybersecurity and why it is important?* Retrieved October 2, 2024, from <https://www.simplilearn.com/tutorials/cyber-security-tutorial/what-is-cyber-security>

62. B

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, or speeding up production would not eliminate the bottlenecks.

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

SOURCE: Mind Tools. (2024). *Improving business processes*. Retrieved October 2, 2024, from <https://www.mindtools.com/pages/article/improving-business-processes.htm>

63. C

Jake, because he is always willing to adapt to changes during a project. To innovate new ideas and processes, employees must be willing to adapt to unforeseen circumstances. This flexibility is essential to successfully innovate. Sticking to traditional ideas and processes, getting frustrated when learning new skills, and staying quiet during brainstorming sessions are all indications that these employees are not likely to be called innovative by their supervisors.

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

SOURCE: Livescault, J. (2024). *16 techniques to encourage innovation in the workplace*. Retrieved October 2, 2024, from <https://www.braineet.com/blog/encouraging-workplace-innovation>

64. D

Business operations. Business operations are all the functions that keep a business running. Inventory management, financial activities, advertising, sales, human resources management, and distribution are important functions that keep a business going. For example, a business functions more efficiently when the appropriate inventory is in stock because the product is available to sell and to ship to the customers. Efficiency standards, various goals, and outputs are elements of the business operations.

SOURCE: EN:023 Explain the complexity of business operations

SOURCE: Corporate Finance Institute. (2024). *Business operations*. Retrieved October 1, 2024, from <https://corporatefinanceinstitute.com/resources/management/business-operations/>

65. C

Lower tariffs. A business opportunity is a circumstance that presents itself to provide a good or service. Entrepreneurs often find business opportunities by monitoring trends, or the direction in which society is moving. One trend that positively affects international business is the lowering of trade barriers, including tariffs, which are taxes on import and export products. International trade is becoming more affordable and profitable because businesses do not pay as much in tariffs. Extreme changes in currency rates may influence a businessperson's decision to trade internationally, but currency rates always fluctuate somewhat, which indicates that fluctuations are not a trend. Trade agreements are not enforceable when a country does not want to participate. The reference to higher allowances is too general in nature to consider it a trend.

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

SOURCE: Schiller. (2024). *The future of international business: Emerging trends and opportunities*. Retrieved September 30, 2024, from <https://www.schiller.edu/blog/the-future-of-international-business-emerging-trends-and-opportunities/>

66. C

Something of value must be exchanged. A legally binding contract must meet two requirements: something of value must be exchanged, and both parties must be in agreement with the terms of the contract. The contract does not necessarily have to be in writing or signed, but it is much easier to enforce if it is. Finally, a contract does not necessarily have to include a stated expiration date.

SOURCE: BL:002 Describe the nature of legally binding contracts

SOURCE: Laurence, B.K. (2024). *Contracts 101: Make a legally valid contract*. Retrieved September 30, 2024, from <https://www.nolo.com/legal-encyclopedia/contracts-101-make-legally-valid-30247.html>

67. B

Graphically display financial information. Businesses establish specifications for selecting spreadsheet software to obtain the type of programs that will meet their needs. This is important because not all spreadsheet software programs have the same capabilities, such as graphically displaying financial information. Some businesses may need only simple graphics in the form of graphs or charts, while others need sophisticated graphics that will display financial information in a variety of visual formats. Communications software is used to electronically communicate data. Database software is used to regularly organize customer information. Word processing and graphic design programs are used to produce marketing data.

SOURCE: NF:091 Establish specifications for selecting hardware/software systems

SOURCE: LaMarco, N. (2024). *What is the purpose of using a spreadsheet?* Retrieved October 1, 2024, from <https://smallbusiness.chron.com/purpose-using-spreadsheet-54262.html>

68. A

Selective. A sportswear company working with only a couple sporting goods retailers in a specific region is an example of selective distribution. Selective distribution is a distribution pattern in which a producer sells a product through a limited number of middlemen in a geographic area. Multiple distribution is distributing a product through many different channels. Exclusive distribution is when a producer sells a product through just one middleman in a geographic area. Intensive distribution is when a producer sells a product through every available wholesaler and retailer in a geographic area where consumers might look for it.

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

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

69. B

Marketing strategies. Identifying markets involves dividing the whole market into smaller groups that share common characteristics. When a business identifies different markets, it can then select the group (target market) that is most likely to buy its products. After selecting the target market, the business can develop a plan of action and carry out activities that will appeal to the target market and encourage it to buy its products. Businesses do not identify market segments to develop appropriate economic forecasts, organization records, or leadership styles.

SOURCE: MP:004 Identify market segments

SOURCE: Investopedia. (2024, July 26). *Marketing strategy: What it is, how it works, and how to create one*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/m/marketing-strategy.asp>

70. B

Contraction. Contraction is a product-mix strategy in which a business removes, or deletes, product items or product lines from its product mix. Expansion of the product mix means to add to the mix. Positioning is a product-mix strategy in which a business creates a certain image or impression of a product in the minds of consumers. Alteration is a product-mix strategy in which a business makes changes to its products or product lines.

SOURCE: PM:003 Explain the concept of product mix

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

71. A

Target market. Target market is the specific market for a product or a business. Businesses should identify the target markets for their products in order to meet customers' needs. An industrial market is a market composed of businesses that purchase items for use in the operation of the business, for resale, or for making other goods. Market share is an organization's portion of total industry sales in a specific market. Geographic segmentation is the division of a market on the basis of where consumers are located.

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

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

72. D

Conducting surveys. Some businesses conduct surveys in order to identify their target market, which is the group of consumers on whom the businesses focus their marketing efforts. There are several types of surveys that businesses can use, including mail surveys, phone surveys, and personal surveys. The reason a business conducts surveys is to find out which segment of the population is most likely to want and need its products. Once the business obtains this information, it focuses on targeting its marketing efforts to that specific market. Businesses do not develop tests in order to identify a target market. Businesses might use survey data to forecast sales and analyze consumer attitudes.

SOURCE: MP:005 Select target market

SOURCE: Gargaro, D. (2023, October 23). *Types of surveys your business should use*. Retrieved October 2, 2024, from <https://www.businessnewsdaily.com/15948-types-of-business-surveys.html>

73. A

Researching similar products. While developing concepts, entrepreneurs must be careful to avoid wasting time and money on a new business idea that will not be successful. To evaluate a concept's viability without actually developing it into a product, businesses can research similar products to learn how and why they have been successful. Creating a product prototype, conducting an observational study, and introducing the product to a test market are all expensive and should not be undertaken at the concept development stage.

SOURCE: EN:011 Describe external resources useful to entrepreneurs during concept development

SOURCE: The Lonely Entrepreneur. (2024). *Determining the viability of your business idea*. Retrieved September 30, 2024, from <https://lonelyentrepreneur.com/10-ways-to-determine-the-viability-of-your-business-idea/>

74. A

Perfect competition. Businesses that operate in a perfectly competitive market sell basically the same products that have virtually no differences. Therefore, it is easy for businesses to enter this market. An example is a business that grows and sells corn. There are no significant differences between the corn grown and sold by one business and the corn grown and sold by all other businesses. Free enterprise, monopolistic competition, and limited socialism are not examples of markets in which businesses sell products that are basically identical.

SOURCE: EC:012 Explain the concept of competition

SOURCE: LAP-EC-912—Ready, Set, Compete! (Competition)

75. C

Health insurance by an insurance company. Intangible products are productive activities that we pay someone else to perform. Health insurance is considered an intangible item because it is a service provided to customers. Houses, food, and jeans are classified as tangible items because they can be touched, smelled, tasted, seen, or heard.

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

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

76. C

May sell more than the producer could sell on its own. By using intermediaries, a producer may be able to increase the size of its sales force by sharing the selling activities with other businesses. Although the use of intermediaries may help reduce the per-unit cost of a good, this does not automatically increase the profits of the producer. By using intermediaries, producers are unable to deal directly with ultimate consumers or industrial users. The use of intermediaries decreases the number of retailer-to-producer contacts.

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

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

77. A

Liquidity. Liquidity refers to the time that a business takes to turn assets (e.g., equipment, property) into cash so it can pay the company's debts. Liability is defined as debt that an individual or a business owes. Profitability is the level of profit (monetary reward) of a business or a product. Activity refers to a task that is performed to generate a specific outcome.

SOURCE: FI:097 Calculate financial ratios

SOURCE: Hayes, A. (2024, May 18). *Understanding liquidity and how to measure it*. Retrieved October 1, 2024, from <https://www.investopedia.com/terms/l/liquidity.asp>

78. B

Limited authority. When Brian indicates he has no authority to make the decision, he is using a limited authority negotiation tactic. A good cop/bad cop negotiation offers two different positions from two present individuals. There's no indication Brian used any bargaining or give-and-take tactics. Brian did not indicate any deadline for purchasing the car.

SOURCE: EI:062 Demonstrate negotiation skills

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

79. A

Lynnette buys paper for her computer printer at the local office-supply store. Habitual or routine buying behavior involves buying inexpensive goods on a frequent basis, such as computer printer paper. These types of purchases require little involvement or thought, and in most situations, there are few differences among brands. The remaining options are examples of individuals exhibiting complex buying behavior. Complex buying behavior involves much customer involvement because the items are expensive and purchased infrequently, such as cars, laptop computers, and homes.

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

SOURCE: QuestionPro. (2024). *Buying behavior: What it is + complete guide*. Retrieved September 30, 2024, from <https://www.questionpro.com/blog/buying-behavior/>

80. D

Choose/Create a budget format. The first step in developing a budget for a department/company is to choose/create a budget format. Gathering relevant data, using the budget, and evaluating and revising the budget are all later steps in the process.

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

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

81. D

Increase in sales. Marketing objectives are the goals a business seeks to reach with its marketing plan. The overall purpose of developing marketing objectives is to increase sales. If the objectives do not result in an increase in sales, the business should develop different marketing objectives. For example, a goal might be to increase its customer base by 10% in one year, which will lead to an increase in sales. A marketing plan is a set of procedures or strategies for attracting the target customer to a business. Therefore, the marketing objectives focus on customers and sales rather than a decrease in costs, an increase in prices, or a decrease in taxes.

SOURCE: MP:018 Develop marketing plan

SOURCE: BizMove.com (n.d.). *Developing a marketing plan*. Retrieved October 2, 2024, from <https://www.bizmove.com/marketing/m2h.htm>

82. A

Sales volume. To survive in today's competitive marketplace, a business must make a profit. By providing good customer service, the business builds ongoing customer relationships. These relationships lead to repeat business, which increases sales volume. Employee responsibility and the number of salespeople may not increase, as the service offered may attract only a limited number of customers who purchase a lot of products or high-priced products. Increased use of facilities may result from customer services but would not be a primary reason.

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

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

83. D

A smooth transition for management and stakeholders. A business exit strategy is an entrepreneur's plan to sell their company or share of a company to investors or another company. If the business is successful, an exit strategy allows the owner to cut their stake or completely leave a business while making a profit. An effective exit strategy from a successful business will create a smooth transition for management and stakeholders. Other benefits of an effective exit strategy are that it protects the value of the business, enhances the future worth and stature of the business, and reduces or defers the potential tax impact on the owner's estate, spouse, or family.

SOURCE: EN:037 Develop exit strategies

SOURCE: Kauffman FastTrac. (2024). *Why all entrepreneurs need an exit strategy (And how to plan yours)*. Retrieved October 1, 2024, from <https://www.fasttrac.org/blog/why-all-entrepreneurs-need-an-exit-strategy-and-how-to-plan-yours/>

84. A

Firmwide strategy. Enterprise risk management is a firmwide, top-down business strategy that involves planning, controlling, preventing, and procedures used by management to limit company losses. This nontraditional approach considers risk management from the perspective of the entire organization rather than by distinct business units. Given its comprehensiveness, enterprise risk management is not typically described as divisive.

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

SOURCE: Hayes, A. (2024, June 21). *Enterprise risk management (ERM): What is it and how it works*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/e/enterprise-risk-management.asp>

85. D

Sales quotas. Sales quotas are sales goals, or targets, that specify desired performance levels. Sales quotas are a type of criteria that producers often use to evaluate the performance of channel members. Producers may set sales quotas that their intermediaries are expected to achieve and then evaluate them on their ability to perform. If intermediaries do not perform well, they may be replaced. Channel members are not evaluated on the basis of economic goals, liquid assets, or resale prices.

SOURCE: CM:011 Evaluate channel members

SOURCE: Indeed. (2024, August 15). *What is a sales quota? Definition, types, and examples*. Retrieved October 2, 2024, from <https://www.indeed.com/career-advice/career-development/sales-quota>

86. C

Limited control. Because word-of-mouth advertising involves customers telling others about the business, the business has very little control over what these customers might say. The hope is that satisfied customers will make positive comments about the business and encourage others to become customers. However, there is the chance that dissatisfied customers will make negative comments that harm the business. Businesses do not have high costs or extensive input as a result of word-of-mouth advertising. Low risk would be an advantage.

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

SOURCE: Hayes, A. (2024, July 2). *Word-of-mouth marketing: Meaning and uses in business*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/w/word-of-mouth-marketing.asp>

87. B

Leads by example. A role model manager is someone who leads by example. One of the responsibilities of a leader is to fulfill the organization's standards and values. A positive role model builds trust among employees, appreciates others' hard work, and shows employees how to do things right. A role model manager would give credit to the team, follow the organization's rules, and remember and learn from mistakes.

SOURCE: EI:111 Act as a role model to fulfill the organization's standards/values

SOURCE: Indeed. (2024). *Professional role models: Definition, traits, and benefits*. Retrieved September 30, 2024, from <https://www.indeed.com/career-advice/career-development/role-model>

88. C

Test it with a focus group. Before launching a new product, Matt should test it first with a focus group that represents his target market. This will help him gather feedback and modify the app accordingly before releasing it to the public. Generating new ideas is not necessary when Matt has already developed his app. While it would be ideal to develop a product with no issues, it is not realistic to strive for perfection, or else the product will never be launched. Finally, Matt does not need to sell his app to a larger company before launching it.

SOURCE: EN:028 Develop and/or provide product/service

SOURCE: Business Gateway. (2024). *Developing new products and services*. Retrieved October 1, 2024, from <https://www.bgateway.com/resources/developing-new-products-and-services>

89. D

Is one of the most critical skills for employees. As competition in the workplace continues to increase due to an influx of skilled employees, it's more important than ever to stand out from the crowd. Learning to sell yourself and your ideas can help you distinguish yourself from others. Idea selling does not necessarily lead to greater competition at work. The ability to sell your ideas will likely make you a more attractive job candidate.

SOURCE: EI:108 "Sell" ideas to others

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

90. A

Be open to learning from others. Building strategic relationships is important for learning and development in any industry. To build a strategic relationship, you need to be open with others, be willing to share your thoughts and ideas, ask questions, and be open to learning. While it is important to focus on yourself and your needs when developing a strategic relationship, it is also important to consider the needs of others. Strategic relationships are about helping each other succeed.

SOURCE: EI:114 Establish strategic relationships with others

SOURCE: Lalonde, J. (2024). *5 tips for building strategic relationships*. Retrieved September 30, 2024, from <https://www.jmlalonde.com/5-tips-for-building-strategic-relationships>

91. B

They are used by businesses in every industry. Feasibility studies are used by businesses in every industry. They are also useful for nonprofit organizations and governments, though not necessarily more important for governments. They can be very time-consuming and expensive to conduct.

SOURCE: EN:038 Determine feasibility of venture ideas

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

92. A

Board of directors. Corporate governance is the system by which directors handle their responsibility toward shareholders. This system of rules, practices, and processes is used to direct and manage a company. A company's board of directors is the primary force influencing corporate governance. A company's board of directors may include the company's president, chief executive officer, and accountants, but those individuals alone are not the primary force influencing a company's corporate governance.

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

SOURCE: Chen, J. (2024, September 12). *Corporate governance definition: How it works, principles, and examples*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/c/corporategovernance.asp>

93. A

\$3,138. A business's income statement, or profit-and-loss statement, is a financial summary that shows how much money the business has made or has lost over a specific period of time. A typical income statement includes revenue, operating expenses, and net income (profit). To determine the net income, subtract the total expenses from the total revenue ($\$4,590 - \$1,442 = \$3,138$). It is important to verify the income statement's accuracy because businesses use the information to make important decisions about the business. If the information is incorrect (e.g., transposed numbers) and errors are not corrected, the business may make unwise decisions on the basis of faulty information.

SOURCE: FI:335 Spot problems in/issues with financial statements

SOURCE: Investopedia. (2024, June 25). *Net income*. Retrieved October 2, 2024, from <https://www.investopedia.com/terms/n/netincome.asp>

94. C

A buy-one-get-one-free coupon. Sales promotions are intended to stimulate customer purchases, usually in the short term. A buy-one-get-one-free coupon helps entice customers to buy a product that they might not normally buy. If the retailer is trying to get rid of merchandise, a coupon focused on that product would help to promote it. A contest that rewards the store's 100th customer, a booth at a trade show, or a sweepstakes for a new car would not necessarily promote the particular product in question, though they are all forms of sales promotion.

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

SOURCE: Dawal, A. (2023, January 2). *BOGO promotions explained: Why buy one get one deals work and how to use them?* Retrieved October 2, 2024, from <https://www.voucherify.io/blog/bogo-promotions-explained-bogo-meaning>

95. C

Loans. When preparing a cash flow statement, a business considers the main sources of cash, which are loans and customers. If businesses do not have enough cash coming in from sales to customers, they often borrow money from banks or other lending institutions. Loans are a source of cash flowing into the business, but they are also a source of cash flowing out when repayments are due. Expenses and payables are listed on a cash budget as cash flowing out of the business. Assets are anything of value that a business owns.

SOURCE: FI:092 Prepare cash flow statements

SOURCE: Murphy, C. B. (2024, August 9). *Cash flow statement: What it is and how to read one.* Retrieved October 1, 2024, from <https://www.investopedia.com/investing/what-is-a-cash-flow-statement/>

96. D

Increase sales. Promotion is the communication of information about goods, services, images, or ideas to achieve a desired outcome. The most obvious way that businesses benefit from the use of promotion is through increased sales. Promotion should be factual and relevant to the intended audience, but those are characteristics of promotion, not goals. Promotion is intended to inform consumers, but salespeople should know about their company's promotions and be familiar with their content.

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

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

97. B

Product-mix extension. The particular assortment of goods and services that a business offers in order to meet the needs of its market(s) and its company goals is the business's product mix. A business that adds products to its product mix is implementing a product-mix extension. When a business removes a product line from its product mix, it is implementing a product-line deletion. Shallow-variation mix and wide-retention strategy are fictitious terms.

SOURCE: PM:006 Plan product mix

SOURCE: ProductPlan. (2024). *Product mix strategy.* Retrieved October 2, 2024, from <https://www.productplan.com/glossary/product-mix-strategy>.

98. B

Workflows. Businesses want to establish efficient procedures to expedite task completion and make it possible for employees to do their jobs correctly. Businesses establish efficient workflows by developing and implementing procedures for employees to follow so they can avoid making mistakes. If employees have specific procedures to follow, they are more likely to be able to work efficiently and achieve quality. Production processes are the ways that products are produced. Management techniques are ways of supervising personnel.

SOURCE: OP:022 Establish efficient operating systems

SOURCE: Monday.com. (2024, February 21). *What is a workflow and how to create one?* Retrieved October 1, 2024, from <https://monday.com/blog/productivity/what-is-a-workflow/>

99. C

Accommodate differences. Businesspeople must be culturally sensitive to be able to work successfully with people from other countries who often have different customs, habits, and traditions. Being culturally sensitive involves accommodating or adapting to the cultural differences. For example, people in some European countries take extended lunches, and businesses close for several hours in the afternoon. American businesspeople should be aware of that custom and not expect to schedule appointments during those hours. It is not always necessary to learn another language to successfully work with people from other cultures. Businesspeople should accommodate differences rather than promote uniformity. Cultural differences do not limit the expectation of success.

SOURCE: EI:033 Exhibit cultural sensitivity

SOURCE: LAP-EI-033—Getting to Know You (Cultural Sensitivity)

100. B

Improved efficiency. Business process redesign refers to the complete overhaul of an organization's key business processes. Typically, business process redesigns improve efficiency by cutting excess, reducing costs, and sharpening management. If an organization is trying to reduce costs, it would likely need to reduce its staff through layoffs, close offices and other facilities, and reduce its spending.

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

SOURCE: Kissflow. (2024, September 24). *Business process reengineering: The modern way to boost efficiency and profits.* Retrieved October 2, 2024, from <https://kissflow.com/workflow/bpm/business-process-reengineering-bpr/>