BUS 101 Quiz 3 Covering Chapters 7-9

Please record your answers on a scantron. Please do not write on this test since you will return this test with your scantron. Each correct answer is worth 1 point.

1. Amanda, a regional manager for Flairol Cosmetics, has just seen a report showing that sales in her region are trending lower than anticipated for the third quarter. Her next task is to determine the reason for the disappointing results and find a way to get sales up to their desired level. Amanda's efforts are part of the ____________ function of management.
   A. controlling
   B. directing
   C. organizing
   D. planning

2. Jamal is part of a management group that is examining whether his company, State Engineering, should offer some important new services that would broaden its business by appealing to a different group of potential clients. Jamal's group is involved with:
   A. contingency planning.
   B. operational planning.
   C. strategic planning.
   D. tactical planning.

3. When a firm makes use of the SWOT analysis, one of its objectives is to:
   A. identify the best employees to fill each position within the organization.
   B. set specific short-term performance standards for each department.
   C. evaluate the desirability of issuing stocks or bonds in the current financial climate.
   D. identify the things it does well as an organization and the things it needs to improve.

4. According to the "Spotlight on Small Business" box in Chapter 7, one of the keys to the success of the Blue Man Group has been:
   A. keeping the price for their show as low as possible.
   B. focusing on the small markets where the competition for entertainment is less intense.
   C. the decision to keep the organization small and not risk losing control through expansion.
   D. the development of a strategic plan to manage the product's growth and everyday operations.

5. Carlos had been thinking of setting up a graphic design service business for quite some time. He knew that he wanted to work at home and he now had several leads for prospective customers. He also knew how much money he needed to make to cover his expenses. He had several ways to approach his new business including working by himself or taking on a partner. Both ways needed more thought to determine what each would involve. In terms of the rational decision-making model, Carlos is in which of the following steps?
   A. Defining the situation
   B. Describing and collect needed information
   C. Develop alternatives
   D. Develop agreement among those involved
6. After working for eleven years as a production line worker, Hollis recently was made a foreman. In his new position, Hollis will rely on:
A. conceptual skills more than human relations skills.
B. technical skills and human relations skills more than conceptual skills.
C. technical skills and conceptual skills, but he won't really need any human relations skills.
D. accounting and financial skills.

7. Anita is employed as plant manager for Mojo Industries, Incorporated. Though she spends some time performing all management functions, she is particularly concerned with tactical planning and controlling. Anita's position would be classified as part of Mojo's:
A. top management.
B. lateral management.
C. supervisory management.
D. middle management.

8. The CEO of peripheral company QuickDrive uses a leadership style that encourages employees to discuss management issues with the CEO and to work together to resolve those issues in a democratic manner. Which of the following statements would the CEO of QuickDrive most likely make?
A. The key to QuickDrive staying on top in a high-tech industry is not wasting time checking out what other firms do, but to act immediately on my directives
B. In a high-tech business, it is more important to invest in technology than to invest in people
C. The key to keeping talented employees loyal to QuickDrive is to use a participative management style and treat them with respect, value their ideas, give them the resources they need, and expect great things from them
D. Spending a lot of money to buy out competitors for their technology is likely to backfire, because QuickDrive is a leader in technology development

Mini-Case
Lauzy Fare left his position as senior vice president at Blue Skies Electronics a few weeks ago to become the new CEO of Idle Time Gaming. Before joining the new company, Lauzy spent time studying Idle Time's competitive position and talking to employees in all divisions and at all levels of the organization. Based on his findings, Lauzy believes that Idle Time has potential, but also faces some serious challenges if it expects to grow.

Lauzy found that when confronted by him, most of Idle Time's professional employees seemed almost afraid to express their opinions. He learned that Otto Craddick, the previous CEO and founder of the company viewed himself as the boss, and, as such, micromanaged every aspect of the business. This discouraged employees from using their own initiatives and ideas to solve problems. For example, Otto required sales and service representatives to get his approval before they made any major commitments to customers. Otto's policy prevented the organization from responding quickly to customer requests, so sales were lost. Unlike his predecessor, Lauzy believes it is important for sales and service personnel to be able to deal with many types of customer requests without needing approval from top management. He is confident that giving employees the authority and flexibility to deal with customers, and providing them with the training and resources to help them do so, will improve morale within the company, create customer satisfaction, and grow revenues.

Lauzy also wants to make workers throughout the organization feel more appreciated. He plans to continue meeting with them on a regular basis to seek their advice. He hopes his work colleagues will eventually respond to his leadership style. He has already encouraged middle managers to get employees more involved in decision-making, and has suggested some problem solving techniques the managers could try.

Although he thought that changing the rigidity of the company culture would be his first challenge at the new firm, Lauzy quickly realized that there were no standards in place to measure the progress of changes in internal morale, customer satisfaction, and profitability. He has asked managers in those departments to spend more time setting performance standards and then monitoring actual performance. Lauzy is confident that in a relatively short period of time internal changes will lead to good company performance. As a member of top management, Lauzy performs a variety of important tasks.
9. Otto, the previous CEO at Idle Time Gaming relied on a(n) ___________ style of management.
A. autocratic
B. iconoclastic
C. democratic
D. free-rein

10. Lauzy seems to prefer a(n) __________ style of leadership.
A. autocratic
B. democratic (or participative)
C. PMI
D. altruistic

11. When establishing criteria to measure the success of a customer-oriented business, managers should:
A. limit their attention to financial measures such as profit and return on investment since these are the only objective and quantifiable measures available.
B. focus most of their attention on measures of employee satisfaction, since without good employees the firm will not be competitive.
C. focus primarily on financial measures, but pay some attention to non-financial concerns.
D. recognize that, while financial measures are important and should be considered, the purpose of the firm is to satisfy both internal and external customers.

12. As your good friend ponders putting some structure to his/her graphic design business idea, which of the following do you not advise him/her to do?
A. Prepare the non-changeable marketing plan for the next three years, including marketing analysis and marketing strategy
B. List the work that needs to be done such as 1) computer assisted design; 2) sales generation; 3) accounting and bookkeeping; 4) purchasing and supply ordering, and more
C. List who will do the various jobs, including who will perform the computer work, who will keep the books, and who will go out and create sales
D. Assign responsibility and authority to certain employees

13. When Bret started his auto mechanic shop his business plan included a(n) _______________ that showed the relationship among employees in his organization and the lines of authority and responsibility.
A. business view map
B. department categorization
C. organization chart
D. operating matrix grid

14. Sarah is a designer for a business that installs underground sprinkler systems for residential and commercial customers. Sarah designs and presents systems to prospective customers. Brothers Tom and Bill share the ownership responsibilities. Tom is in charge of commercial accounts and Bill is in charge of residential accounts. Sometimes Tom and Bill double book Sarah's time, creating frustration and animosity. Since they share supervisory responsibility, there is no clear way to decide whose accounts are most important. This type of situation represents a violation of Fayol's __________ principle.
A. division of labor
B. clarity of objective
C. priority of assignment
D. unity of command
15. Mike prepared a paper for his class about organizational styles used in business. He found that one reason the traditional bureaucratic style is less popular than in the past is that:
A. business organizations are much larger than they once were.
B. restructuring has not produced the increased efficiency that was expected.
C. the chain of command clearly identifies areas of responsibility.
D. today's workforce is better educated and prefers a greater amount of decision-making involvement in their jobs.

16. Greenwave Garden Centers is a national chain of discount gardening stores. The top management at Greenwave realizes that different regions of the United States have very different climates and soil conditions, so they give regional managers a great deal of freedom to decide exactly what types of plants, fertilizers, and other items to stock and how to best market these products. Greenwave is an example of a ____________ organization.
A. bureaucratic
B. top down
C. free form
D. decentralized

17. Gangsta Industries produces a variety of anti-crime and safety products such as burglar alarms, smoke detectors, surveillance cameras, and specialty locks. Gangsta sells to households, businesses, and government agencies. They have found that each market requires a different marketing strategy. Gangsta would probably benefit from departmentalization by:
A. function.
B. process.
C. customer type.
D. market opportunities.

18. The organizational structure of the U.S. Army's 1st Infantry Division provides for direct two-way lines of responsibility, authority, and communication running from the top to the bottom. Additionally, each person in the division reports to only one superior. The 1st Infantry Division is clearly an example of a(n):
A. matrix organization.
B. functional organization.
C. line organization.
D. service organization.

19. Joe, a production engineer at Freestone Tires recently joined a team of specialists from other areas, such as marketing and finance. His long-term assignment to this team has produced several new products. Joe enjoys this work environment, in part because Freestone's management has given the team the freedom and flexibility to make decisions. A recent development is the inclusion of "outsiders" from Freestone's major distributors and suppliers on the team. It appears that Joe's team is a(n):
A. interfunctional matrix organization.
B. multidivisional group think-tank.
C. multi-modal product development team.
D. cross-functional self-managed team.

20. Independence Electronics prides itself as a world-class producer of components used in CD and DVD players. The outstanding performance of the production department indicates that this activity is one of the firm's:
A. fiscal responsibilities.
B. core competencies.
C. benchmark assets.
D. target competitive advantages.
21. Heather works as a sales representative for the Westerly Company. She really enjoys working for Westerly, because the company treats her and other sales representatives as highly valued employees. Sales reps at Westerly are given freedom and flexibility in their relationships with customers. While there are only a few layers of management at Westerly, Heather has found that these managers try their best to support and assist her efforts. Based on Heather's experience, it appears that Westerly is a(n):
A. bureaucratic organization.
B. inverted organization.
C. tall organization.
D. casual organization.

22. The Spotlight on Small Business, titled, "Keeping that Small Company Feeling", illustrates that:
A. maintaining a strong informal organization is vital in today's business environment.
B. maintaining a strong informal organization is so much easier to effect in large companies because they have the money to make it happen.
C. although the informal organization may provide fun and diversion in the workplace it breeds unethical behavior which only the formal organization can derail.
D. getting carried away with maintaining a small company feeling can stifle innovation and growth.

23. The Ritz-Carlton hotel offers restaurants with the finest service, elevators that run smoothly, and a front desk that processes people quickly. Many times fresh-cut flowers are in the lobbies and dishes of fruit are in each room. __________ is responsible for implementing these customer benefits.
A. Human resources management
B. The management staff
C. Operations management
D. Production management

24. The National Bicycle Company of Japan makes 18 bicycle models in more than 2 million combinations, with each combination designed to fit the needs of a specific customer. The customer chooses the model, size, color, and design. An analysis of this company's operation would indicate that it uses:
A. lean manufacturing.
B. flexible production.
C. mass customization.
D. continuous production.

25. Justin is a project manager for a large defense systems company. Each contract for sophisticated weaponry requires the cooperation of several firms. Each time Justin begins a new project, he reviews what it takes to successfully complete a project. Which of the following would not constitute one of his goals?
A. He wants to meet the demands of the customer's contract with respect to the kind of product the customer wants and how soon they need it
B. He wants the product to achieve the quality level expected by the customer
C. He wants his company to be the lead company and maintain a leadership position in all aspects of the project to project a strong image to the customer
D. He wants to work within the costs budgeted for this project
Mini-Case

"These are exciting times for our company. We've made a lot of changes over the past two years that have really improved our operations and lowered our costs. Now we are ready to expand into new markets. Minimotors is on its way to becoming a global player." The speaker was Sparky Weyer, president and CEO of Minimotors, Inc., a growing manufacturer of small (some of them downright tiny) electric motors used in a variety of power tools and appliances. Sparky was meeting with potential financial backers in an effort to obtain funding for some expensive new machinery he wanted to purchase. "You may have heard about some of the ways we’ve cut costs," Sparky continued. "We've developed a new arrangement with several of our biggest suppliers. They've agreed to make more frequent deliveries tied directly to our production schedules. This will help us reduce our inventory costs dramatically. We've also greatly reduced the number of defective motors we produce by carefully keeping tabs on all of our manufacturing processes. In fact, we have set a goal of reducing our defects to 3.4 parts per million. The main purpose of my meeting with you today is because we want to install some sophisticated new machinery and software that will allow us to quickly design and produce motors to the exact specifications of our customers. The machinery is computer-controlled and can produce custom-designed products at very little increase in cost compared to our mass produced motors. We feel this flexibility and quick response time will give us a tremendous competitive advantage and help us attract new customers. Installing the new equipment and training our workers to use it properly will be a complex project, but I'm confident that once we get everything up and running we'll be able to strengthen our position as the leading maker of high-quality electric motors."

26. In order to schedule deliveries, Minimotors's suppliers need detailed information about when parts are needed. Minimotors will purchase a sophisticated computer application that will link its operation to sales forecasts to make sure needed parts and supplies are available at the right time to meet customer demands. This planning system is known as:
   A. Materials requirement planning (MRP).
   B. Program evaluation and review technique (PERT).
   C. Minimum daily requirements scheduling (MDRS).
   D. Sales-based requirements forecasting (SBRF).

27. The equipment and software Sparky wants to acquire will allow the computers used to design motors to be linked directly to the computer-aided equipment on the factory floor. Sparky is proposing to set up a(n):
   A. modular manufacturing system.
   B. computer-integrated manufacturing system.
   C. E-hub that relies on network software to control the production process.
   D. first-in, first-out production system.

28. A small hospital in a suburb of a large metropolitan area wants to further develop its operations and services in order to compete with other hospitals in the region. In analyzing the criteria for making this happen, location is a primary concern. If it constructs additional floors, it could increase the quality of a few services in its present location, but city regulations would require more parking. As it looks for new property, which of the following criteria would not be an important consideration for this facility?
   A. Access to good roads and interstate system
   B. Tax benefits
   C. Skilled labor
   D. Time to market
29. Superior Supplies' largest customer recently implemented a just-in-time inventory system. As a supplier of materials to this customer, Superior will:
A. realize significant freedom in scheduling deliveries.
B. likely increase its effort and likely experience higher transportation costs.
C. place less emphasis on quality and greater emphasis on quantity.
D. need to deliver large quantities at regularly scheduled intervals.

30. Last week John got a call from his contact, Eric at Alpine Telecomm in Switzerland, one of his company's largest international customers. As Eric put it, "This is a heads-up! Top management is asking operations to review our vendor's for ISO 14000 compliance." John's company should prepare to demonstrate:
A. an acceptable level of quality standards of the products and services it provides.
B. a level of quality in its products and services that exceeds its competitors.
C. a world-class management system in information technology and lean manufacturing.
D. best practices for managing its impact on the environment.

31. Becca works as a new product development engineer for a company that makes solar panels for residential and commercial purposes. Her company uses PERT network software for all development projects. As she nears the final month of her timeline for completing a new panel, Becca will focus on those activities that are:
A. most costly to complete.
B. on the priority bar of the PERT chart.
C. near the end of the PERT network.
D. on the critical path of the PERT network.

32. Manny is a production and operations manager who likes to keep track of how various projects are progressing. One of Manny's favorite tools is a bar graph that shows how much work has been completed on the projects that are currently underway and which processes are behind schedule. Manny likes to use a(n):
A. CAD/CAM diagram.
B. input-output graph.
C. Gantt chart.
D. Targeted Completion Date Graph.