

Chapter 02 Setting Goals, Making Plans, and Improving Costs

Multiple Choice Questions

1. A dramatic look at what an entire organization might be like at a distant point in the future is called a corporate _____.

- A. vision
- B. value
- C. mission statement
- D. strategy

2. SWOT stands for Strengths, Weaknesses, Opportunities, and _____ .

- A. Treaties
- B. Treats
- C. Threats
- D. Threads

3. The difference between a corporate vision and corporate values is that _____ .

- A. a vision is a concrete plan for the future and values are corporate ethical standards
- B. a vision is a look at what a corporation might be like in the distant future and values are corporate ethical standards
- C. a vision is a standard of ethics and values are plans for the distant future
- D. a vision is a statement of the primary emphasis of a corporation and values are key points that a company will strive for in the distant future

4. The overall plan for how the vision will be achieved and the mission fulfilled is called a corporate _____ .

- A. vision
- B. value
- C. mission statement
- D. strategy

Chapter 02 Setting Goals, Making Plans, and Improving Costs

5. Operational plans are specific plans that are created to enact policies. Which of the following is NOT part of operational planning?

- A. schedules
- B. procedures
- C. strategy
- D. regulations

6. Goals should be SMART, which is an acronym that stands for _____ .

- A. supervision, maintenance, attainable, relevant, tertiary
- B. specific, measureable, artistic, readable, time-oriented
- C. supervision, measureable, attainable, readable, time-oriented
- D. specific, measureable, attainable, relevant, time-oriented

7. Natasha wrote the following goal for her television sales team: "The Blue Team will sell 30 televisions." How should she improve the wording of this goal?

- A. add a time outcome
- B. add specific information the number of sales
- C. add a sales goal that is more relevant to her team
- D. add information that is measureable

8. Jesse wrote the following goal for his training team: "The training team will conduct more training sessions by the end of the quarter." How should he improve the wording of this goal?

- A. add a time outcome
- B. add specific information to the number of trainings
- C. add a goal that is more relevant to his team
- D. add information that is measureable

9. Lorraine believes her company copied forms too often, so she created a goal to implement a policy of electronically scanning forms. What did she do right in her goal setting?

- A. identified an area for improvement
- B. consulted with others
- C. watched out for limitations
- D. assessed the strengths and weaknesses of her department

Chapter 02 Setting Goals, Making Plans, and Improving Costs

10. Goals can be made measureable by including _____ information.
- A. qualitative
 - B. quantitative
 - C. relative
 - D. reactive
11. The first step in the planning process is to _____ .
- A. develop a master plan
 - B. identify numbers and dates
 - C. provide explanations to all
 - D. review currency of plans
12. What does the acronym MBO stand for?
- A. Management By Officers
 - B. Master Business Operator
 - C. Management By Objectives
 - D. Master Business Objectives
13. Which type of plans are typically set by higher management and are expected to be in operation for two to five years?
- A. standing plans
 - B. single-use plans
 - C. short-range plans
 - D. long-range plans
14. Vernon's supervisor has just implemented a high priority plan to develop a new line of soap products. The project will be completed within three months. What type of plan is this?
- A. long-range standing plan
 - B. short-range standing plan
 - C. long-range single-use plan
 - D. short-range single-use plan

Chapter 02 Setting Goals, Making Plans, and Improving Costs

15. Tham has directed her warehouse team to complete the annual inventory audit in the next ten working days. What type of plan is this?

- A. long-range standing plan
- B. short-range standing plan
- C. long-range single-use plan
- D. short-range single-use plan

16. Lisa has identified the amount of paper used in her office as a cost target. Which type of cost target is this?

- A. product
- B. people
- C. utilities
- D. information

17. Which of the following is the best way to determine cost-target priorities?

- A. research the most complicated option
- B. choose the most difficult issue to solve
- C. find the least important issue
- D. determine the fastest payback

18. In an effort to save costs, your company has decided to delay the launch of their new advertising campaign. What type of belt-tightening program is this?

- A. stop spending
- B. find an alternative
- C. postponement
- D. avoidance

19. Sherlock has identified his workforce as a potential cost target. What should he do to address this cost target?

- A. lay off his assistant
- B. ensure that his assistant uses fewer supplies
- C. hire a cleaning service
- D. implement energy saving methods in his office

Chapter 02 Setting Goals, Making Plans, and Improving Costs

20. Emma's match-making business has been slow lately because her clients have identified her services as a cost target. What type of cost target does Emma's business represent?

- A. equipment
- B. communications
- C. product or service
- D. materials

21. Which of the following is the best resource for cost-cutting ideas?

- A. the government
- B. other supervisors
- C. former employees
- D. your personal finances

22. The concept of "continuous improvement" is an effective method of examining costs because _____ .

- A. it is a method to ensure that production will increase
- B. staff understand that their job could change at any time
- C. costs will be analyzed on an ongoing basis
- D. it ensures that the product will improve over time

23. Which of the following is a positive method to reduce costs?

- A. eliminate staff positions
- B. use space more intelligently
- C. reduce the number of products being developed
- D. delay regularly scheduled maintenance

24. In order to save on costs, Ellie has determined that her bookstore will sell only what is on the shelves and will order any books that they do not have for customers. This is an example of what cost saving method?

- A. reducing waste
- B. increasing output
- C. spending wisely
- D. just-in-time inventory

Chapter 02 Setting Goals, Making Plans, and Improving Costs

25. What is the best way to communicate a cost reduction plan to employees?
- A. explain how employees will benefit from the change
 - B. send an email
 - C. explain how the change will increase management bonuses
 - D. require new reports to ensure all employees are adhering to the new policy

True / False Questions

26. Supervisors should deviate from corporate policy when necessary.
True False

27. A mission statement typically specifies what business a firm is in and what its primary areas of emphasis are.
True False

28. You must create plans before you can develop goals or objectives.
True False

29. Schedules help determine how facilities, equipment, and employees are to be used in order to accomplish organizational goals.
True False

30. A company policy is a public commitment to employees, suppliers, customers, and the community.
True False

31. Employees who are involved in setting goals are more likely to be committed to success in reaching the goal.
True False

Chapter 02 Setting Goals, Making Plans, and Improving Costs

32. Goals should be arranged by easiest to hardest to achieve.

True False

33. Goals should be directly connected to the organization's mission and strategy.

True False

34. The best way to ensure a goal is achieved correctly is to discourage risk-taking and creative efforts.

True False

35. As a manager, it is important that you provide periodic feedback to employees on their progress in achieving goals.

True False

36. In the planning process, after you develop a master plan, your next step is to develop supporting plans.

True False

37. The concept of Management by Objectives (MBO) differs from the basic planning process in that it involves employee feedback.

True False

38. A short-range plan tends to last between two and five years.

True False

39. A standing plan is used only once.

True False

Chapter 02 Setting Goals, Making Plans, and Improving Costs

40. A good way to evaluate your plan is to ask questions related to the question stems *who, what, when, where, why, and how*.

True False

41. In general, reducing costs of materials is not a good way to reduce business expenses.

True False

42. When prioritizing cost targets, it is a good idea to look for the easiest method of cost reduction.

True False

43. An effective method of belt-tightening is to stop spending on conveniences or improvements.

True False

44. When reducing costs, it is never a good idea to postpone planned enhancements.

True False

45. Utilities such as power, fuel, or water should not be considered when determining cost targets.

True False

46. You should not involve employees when researching cost-cutting ideas.

True False

47. Continuous Improvement is a process of evaluating costs annually.

True False

Chapter 02 Setting Goals, Making Plans, and Improving Costs

48. A good way to reduce costs is to increase storage space.

True False

49. Employees fear cost reduction because they believe it threatens their security.

True False

50. It is important to report cost saving progress to employees.

True False

Short Answer Questions

51. _____ are what come out of the planning process.

52. List four ways to create a framework for organizational direction.

Chapter 02 Setting Goals, Making Plans, and Improving Costs

53. Goals that are expressed as numbers, percentages, or dollars are _____ .

54. Goals should be *SMART*, which stands for _____ .

55. The first step in the planning process is to _____ .

56. _____ includes the basic planning process but includes more employee involvement.

Chapter 02 Setting Goals, Making Plans, and Improving Costs

57. Reducing the cost of supplies consumed during a production process is reducing the _____ costs.

58. Reducing the cost or usage of power, water, or fuel is reducing the _____ costs.

59. The ongoing process of searching for cost reduction is called _____ .

60. _____ tend to fear cost reduction because it may disrupt their work habits.

Multiple Choice Questions

1. (p. 30) A dramatic look at what an entire organization might be like at a distant point in the future is called a corporate _____.

- A.** vision
- B. value
- C. mission statement
- D. strategy

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

2. (p. 30) SWOT stands for Strengths, Weaknesses, Opportunities, and _____ .

- A. Treaties
- B. Treats
- C.** Threats
- D. Threads

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

3. (p. 30) The difference between a corporate vision and corporate values is that _____ .

- A. a vision is a concrete plan for the future and values are corporate ethical standards
- B.** a vision is a look at what a corporation might be like in the distant future and values are corporate ethical standards
- C. a vision is a standard of ethics and values are plans for the distant future
- D. a vision is a statement of the primary emphasis of a corporation and values are key points that a company will strive for in the distant future

Bloom's: Analyzing

Difficulty: Medium

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

4. (p. 30) The overall plan for how the vision will be achieved and the mission fulfilled is called a corporate _____ .
- A. vision
 - B. value
 - C. mission statement
 - D.** strategy

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

5. (p. 31) Operational plans are specific plans that are created to enact policies. Which of the following is NOT part of operational planning?
- A. schedules
 - B. procedures
 - C.** strategy
 - D. regulations

Schedules, procedures, standards, and regulations are part of operational planning.

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

6. (p. 73) Goals should be SMART, which is an acronym that stands for _____ .
- A. supervision, maintenance, attainable, relevant, tertiary
 - B. specific, measureable, artistic, readable, time-oriented
 - C. supervision, measureable, attainable, readable, time-oriented
 - D.** specific, measureable, attainable, relevant, time-oriented

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measureable, attainable, relevant, and time-oriented.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

7. (p. 37) Natasha wrote the following goal for her television sales team: "The Blue Team will sell 30 televisions." How should she improve the wording of this goal?

- A.** add a time outcome
- B. add specific information the number of sales
- C. add a sales goal that is more relevant to her team
- D. add information that is measurable

Natasha could write the goal as, "The Blue Team will sell 30 televisions by the end of the current fiscal year."

Bloom's: Analyzing

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

8. (p. 37) Jesse wrote the following goal for his training team: "The training team will conduct more training sessions by the end of the quarter." How should he improve the wording of this goal?

- A. add a time outcome
- B.** add specific information to the number of trainings
- C. add a goal that is more relevant to his team
- D. add information that is measurable

Jesse could write the goal as, "The training team will conduct eight more training sessions by the end of the quarter."

Bloom's: Analyzing

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

9. (p. 35) Lorraine believes her company copied forms too often, so she created a goal to implement a policy of electronically scanning forms. What did she do right in her goal setting?

- A.** identified an area for improvement
- B. consulted with others
- C. watched out for limitations
- D. assessed the strengths and weaknesses of her department

Bloom's: Analyzing

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measureable, attainable, relevant, and time-oriented.

10. (p. 36) Goals can be made measureable by including _____ information.

- A. qualitative
- B.** quantitative
- C. relative
- D. reactive

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measureable, attainable, relevant, and time-oriented.

11. (p. 39) The first step in the planning process is to _____ .

- A.** develop a master plan
- B. identify numbers and dates
- C. provide explanations to all
- D. review currency of plans

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

12. (p. 40) What does the acronym MBO stand for?

- A. Management By Officers
- B. Master Business Operator
- C. Management By Objectives**
- D. Master Business Objectives

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

13. (p. 41) Which type of plans are typically set by higher management and are expected to be in operation for two to five years?

- A. standing plans
- B. single-use plans
- C. short-range plans
- D. long-range plans**

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

14. (p. 41) Vernon's supervisor has just implemented a high priority plan to develop a new line of soap products. The project will be completed within three months. What type of plan is this?

- A. long-range standing plan
- B. short-range standing plan
- C. long-range single-use plan
- D. short-range single-use plan**

Bloom's: Applying

Difficulty: Medium

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

15. (p. 41) Tham has directed her warehouse team to complete the annual inventory audit in the next ten working days. What type of plan is this?

- A. long-range standing plan
- B. short-range standing plan**
- C. long-range single-use plan
- D. short-range single-use plan

Bloom's: Applying

Difficulty: Medium

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

16. (p. 44) Lisa has identified the amount of paper used in her office as a cost target. Which type of cost target is this?

- A. product**
- B. people
- C. utilities
- D. information

Bloom's: Understanding

Difficulty: Easy

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

17. (p. 45) Which of the following is the best way to determine cost-target priorities?

- A. research the most complicated option
- B. choose the most difficult issue to solve
- C. find the least important issue
- D. determine the fastest payback**

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

18. (p. 46) In an effort to save costs, your company has decided to delay the launch of their new advertising campaign. What type of belt-tightening program is this?

- A. stop spending
- B. find an alternative
- C. postponement**
- D. avoidance

Bloom's: Applying

Difficulty: Easy

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

19. (p. 44) Sherlock has identified his workforce as a potential cost target. What should he do to address this cost target?

- A. lay off his assistant**
- B. ensure that his assistant uses fewer supplies
- C. hire a cleaning service
- D. implement energy saving methods in his office

Bloom's: Applying

Difficulty: Medium

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

20. (p. 44) Emma's match-making business has been slow lately because her clients have identified her services as a cost target. What type of cost target does Emma's business represent?

- A. equipment
- B. communications
- C. product or service**
- D. materials

Bloom's: Applying

Difficulty: Medium

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

21. (p. 46) Which of the following is the best resource for cost-cutting ideas?

- A. the government
- B. other supervisors**
- C. former employees
- D. your personal finances

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

22. (p. 46) The concept of "continuous improvement" is an effective method of examining costs because _____ .

- A. it is a method to ensure that production will increase
- B. staff understand that their job could change at any time
- C. costs will be analyzed on an ongoing basis**
- D. it ensures that the product will improve over time

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

23. (p. 47) Which of the following is a positive method to reduce costs?

- A. eliminate staff positions
- B. use space more intelligently**
- C. reduce the number of products being developed
- D. delay regularly scheduled maintenance

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

24. (p. 47) In order to save on costs, Ellie has determined that her bookstore will sell only what is on the shelves and will order any books that they do not have for customers. This is an example of what cost saving method?

- A. reducing waste
- B. increasing output
- C. spending wisely
- D.** just-in-time inventory

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

25. (p. 49) What is the best way to communicate a cost reduction plan to employees?

- A.** explain how employees will benefit from the change
- B. send an email
- C. explain how the change will increase management bonuses
- D. require new reports to ensure all employees are adhering to the new policy

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

True / False Questions

26. (p. 34) Supervisors should deviate from corporate policy when necessary.

FALSE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

27. (p. 30) A mission statement typically specifies what business a firm is in and what its primary areas of emphasis are.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

28. (p. 17) You must create plans before you can develop goals or objectives.

FALSE

You must develop goals or objectives in order to create a plan to achieve them.

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

29. (p. 31) Schedules help determine how facilities, equipment, and employees are to be used in order to accomplish organizational goals.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

30. (p. 33) A company policy is a public commitment to employees, suppliers, customers, and the community.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

31. (p. 35) Employees who are involved in setting goals are more likely to be committed to success in reaching the goal.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

32. (p. 2) Goals should be arranged by easiest to hardest to achieve.

FALSE

Goals should be arranged by highest to lowest priority.

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

33. (p. 37) Goals should be directly connected to the organization's mission and strategy.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

34. (p. 38) The best way to ensure a goal is achieved correctly is to discourage risk-taking and creative efforts.

FALSE

Risk-taking and creativity can be benefits to achieving goals.

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

35. (p. 38) As a manager, it is important that you provide periodic feedback to employees on their progress in achieving goals.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

36. (p. 39) In the planning process, after you develop a master plan, your next step is to develop supporting plans.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

37. (p. 40) The concept of Management by Objectives (MBO) differs from the basic planning process in that it involves employee feedback.

TRUE

Bloom's: Understanding

Difficulty: Medium

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

38. (p. 41) A short-range plan tends to last between two and five years.

FALSE

This is a long-range plan.

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

39. (p. 41) A standing plan is used only once.

FALSE

Single-use plans are used only once.

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

40. (p. 42) A good way to evaluate your plan is to ask questions related to the question stems *who, what, when, where, why, and how*.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

41. (p. 44) In general, reducing costs of materials is not a good way to reduce business expenses.

FALSE

Materials are promising cost targets.

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

42. (p. 45) When prioritizing cost targets, it is a good idea to look for the easiest method of cost reduction.

TRUE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

43. (p. 45) An effective method of belt-tightening is to stop spending on conveniences or improvements.

TRUE

Bloom's: Understanding

Difficulty: Easy

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

44. (p. 46) When reducing costs, it is never a good idea to postpone planned enhancements.

FALSE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

45. (p. 44) Utilities such as power, fuel, or water should not be considered when determining cost targets.

FALSE

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

46. (p. 46) You should not involve employees when researching cost-cutting ideas.

FALSE

Employees may have valuable cost-cutting ideas.

Bloom's: Understanding

Difficulty: Easy

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

47. (p. 46) Continuous Improvement is a process of evaluating costs annually.

FALSE

Continuous Improvement refers to a process of constant cost analysis.

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

48. (p. 47) A good way to reduce costs is to increase storage space.

FALSE

Using space intelligently, such as decreasing storage space, is an effective cost-saving technique.

Bloom's: Understanding

Difficulty: Easy

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

49. (p. 48) Employees fear cost reduction because they believe it threatens their security.

TRUE

It is important that managers take the time to explain the reason for the change brought on by the cost-saving plan.

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-5 Discuss the general expectations employees have for their jobs, and explain how and why different people have different perceptions of the nature of their work.

50. (p. 49) It is important to report cost saving progress to employees.

TRUE

Reporting cost saving progress will help employees understand the reason for the change.

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

Short Answer Questions

51. (p. 31) _____ are what come out of the planning process.

Plans

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

52. (p. 31) List four ways to create a framework for organizational direction.

vision, values, mission statement, strategic plan

Bloom's: Remembering

Difficulty: Hard

Learning Outcome: 2-1 Explain the importance and benefits of planning and know how to interpret a company's policies.

53. (p. 36) Goals that are expressed as numbers, percentages, or dollars are

_____ .

qualitative

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

54. (p. 37) Goals should be *SMART*, which stands for _____ .

Specific, Measurable, Attainable, Relevant, Time-oriented

Bloom's: Remembering

Difficulty: Hard

Learning Outcome: 2-2 Create a properly written objective statement for a department supervisor, making sure that it is specific, measurable, attainable, relevant, and time-oriented.

55. (p. 39) The first step in the planning process is to _____ .

develop a master plan

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

56. (p. 40) _____ includes the basic planning process but includes more employee involvement.

Management by Objectives

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-3 Explain the planning process and the differences between long-range and short-range plans and between standing and single use plans.

57. (p. 44) Reducing the cost of supplies consumed during a production process is reducing the _____ costs.

materials

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

Chapter 02 Setting Goals, Making Plans, and Improving Costs **Key**

58. (p. 44) Reducing the cost or usage of power, water, or fuel is reducing the _____ costs.

utilities

Bloom's: Remembering

Difficulty: Medium

Learning Outcome: 2-4 Understand how to select cost targets, assign priorities to them, and select appropriate strategies for cost reduction.

59. (p. 46) The ongoing process of searching for cost reduction is called _____

.

continuous improvement

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.

60. (p. 48) _____ tend to fear cost reduction because it may disrupt their work habits.

employees

Bloom's: Remembering

Difficulty: Easy

Learning Outcome: 2-5 Identify and evaluate the principal sources of cost-improvement ideas, list some positive approaches, and explain them. The reasons for employee resistance to cost-reduction programs.