

Chapter 7

Business Organization, Management, and Leadership

Answer Key

Part 1: Content Review

Matching

1. G
2. H
3. E
4. I
5. A
6. C
7. F
8. D
9. J
10. B

Multiple Choice

1. B
2. A
3. D
4. B
5. C
6. C
7. A
8. A
9. D
10. C

Completion

1. principles
2. mission statement
3. organizational structure
4. organization chart
5. decentralized
6. Top
7. staffing
8. laissez-faire
9. personal information management (PIM)
10. SMART

Part 2: Concept Review

Open Response

1. The five functions of management are planning, organizing, staffing, leading, and controlling. Planning is the process of setting goals and deciding how to accomplish them. Organizing is the coordination of activities and resources needed to reach its goals. Staffing is the process of recruiting, hiring, training, evaluating, and compensating employees. Leading is the process of influencing others to work toward common goals. Controlling is a continuous process of evaluating the progress in reaching goals and making corrections to plans, when necessary.
2. Middle management handles the activities of larger divisions or departments and carries out plans and policies of top management. Managers at this level hire, train, evaluate, and lead first-line managers. First-line managers coordinate and supervise the daily activities and duties of employees. They train and motivate employees and maintain the quality of work. Managers at this level also provide a line of communication between employees and higher management.
3. Interpersonal skills are skills that help people communicate and work well with each other. (Examples may include any three of the following.) Critical-thinking skills help leaders analyze a situation, interpret information, and make reasonable decisions. Good verbal skills help leaders describe plans and procedures when writing or speaking to a team member. Nonverbal skills help leaders communicate effectively using body language, eye contact, personal space, behavior, and attitude. Listening skills help leaders hear what a person says and understand what is being said. Collaboration skills enable individuals to work with others to achieve a common goal.
4. Step 1: Acknowledge the conflict and define the problem. Step 2: Analyze and discuss the issue. Step 3: Brainstorm for potential solutions. Step 4: Solve the problem and come up with a solution. Step 5: Evaluate recommended solutions and reach consensus. Step 6: Implement the solution and follow up.
5. Student answers will vary. Evaluate answers individually.

Part 3: Math Skills

Mixed Mathematics

1. (a.) sales – expenses = profit
 $\$350,000 - \$247,000 = \$103,000$
 (b.) $\$103,000 / \$630,000 = .163 = 16.3\%$
2. (a.) sales – expenses = profit
 $\$200,000 - \$145,000 = \$55,000$
 (b.) $\$55,000 / \$380,000 = .145 = 14.5\%$
 (c.) sales – expenses = profit
 $\$150,000 - \$102,000 = \$48,000$
 (d.) $\$48,000 \div \$250,000 = .192 = 19.2\%$
3. No. While Store #1 earned more profit, there are more assets invested because the store is larger. The profit of Store #1 was 14.5% of its assets, while the profit of Store #2 was 19.2% of its assets. Store #2 generated a higher percentage return.
4. (a.) sales – expenses = profit
 $\$610,000 - \$440,000 = \$170,000$
 (b.) $\$170,000 \div \$1,900,000 = .089 = 8.9\%$

5. (a.) sales – expenses = profit
 $\$420,000 - \$390,000 = \$30,000$
(b.) $\$30,000 \div \$800,000 = .037 = 3.7\%$
(c.) The profit/assets metric of the new dog toy division is lower than the existing business.

Part 4: Communication Skills

Reading Questions

1. No employee may take a photo or make a recording of any type of coworkers or business associates without the subject's knowledge. No employee may take photos or make a recording of any type of Company property or proprietary information without permission of the Company president.
2. Employees are not prohibited, but are discouraged from the personal, nonbusiness use of its software and business equipment.
3. Student answers may vary. Evaluate responses individually.