

# **The Competitive Edge in Business**

## **A Contractor's Toolkit for Financial Success**

OSSF Edition

### **Exam Questions**

#### Chapter I

1. Failure rates for contractors during the first 5 years of business are higher than \_\_\_\_\_?
  - a. 70%
  - b. 75%
  - c. 80%
  - d. 85%
2. What approach should you take to major trends such as increasing competition, increasing sophistication of customers and changing markets?
  - a. Major trends are beyond our control
  - a. Raising prices is the best approach
  - b. Lowering prices is the best approach
  - c. Take a planned, professional and calculated approach
3. How should you view today's marketplace?
  - a. Increasingly difficult for small contractors
  - b. An excellent opportunity for awesome profits
  - c. Dominated by Walmart
  - d. Highly saturated
4. Today's customers are?
  - a. The same as they always were
  - b. Easy to sell to
  - c. More educated, informed and sophisticated than ever before
  - d. Just a way to make a living
5. What is the name of this home study course?
  - a. The Competitive Edge in Business – An OSSF Contractor's Toolkit for Financial Success
  - b. How to Get the Advantage in Business – A Contractor's Toolkit
  - c. The Business Tool Box
  - d. The 8 hour CEU Credit Course
6. The difference between mediocrity and excellence is only about .
  - a. 10%
  - b. 20%
  - c. 25%
  - d. 30%

## Chapter 2

7. Which of the following is not one of the recommended uses of a business plan?
  - a. To help sell your business
  - b. To help obtain business financing
  - c. To help obtain an OSSF permit
  - d. To facilitate employee training
  
8. Which of the following are good reasons not to set aside time for planning?
  - a. Contractors need to be out in the field producing work and making a profit instead.
  - b. Most contractors are already good at what they do and don't need to spend much time planning.
  - c. Planning is important but so is running my business. There is just not enough time in the day.
  - d. Really there is no good reason.
  
9. A mission statement should include which of the following?
  - a. History of your company
  - b. The reason your company exists
  - c. Your company's legal structure
  - d. Your company's financial position
  
10. Which of the following is not a part of SWOT Analysis?
  - a. Strengths
  - b. Weaknesses
  - c. Outlook
  - d. Threats
  
11. The specific areas that make your company special or better than your competitors are best described as \_\_\_\_\_.
  - a. Legal structure
  - b. Core competencies
  - c. Operations
  - d. Competition
  
12. The goal of business strategy development is \_\_\_\_\_.
  - a. To develop a business plan
  - b. To keep track of your finances
  - c. To have more time off
  - d. To gain a competitive advantage and maximize business profits

13. The first step in strategy development is\_\_\_\_\_.
- Decide on quality and price strategy
  - Look at the type of product line to represent
  - Perform a SWOT analysis
  - Look for a niche market
14. Business strategies should be built around\_\_\_\_\_?
- Price and quality
  - High service or low service
  - Narrow product line or broad product line
  - All of the above
15. Which of the following are always connected in strategy development?
- High service and broad product line
  - Narrow product line and low service
  - Price and Quality
  - Niche markets and high tech products

### Chapter 3

16. In an accounting system, the name given to the list of individual account categories assigned to each type of expense or income is called\_\_\_\_\_.
- Balance sheet
  - Chart of accounts
  - Income statement
  - Budget
17. Which of the following formulas is correct for a balance sheet?
- $\text{Assets} = \text{Liabilities} + \text{Net Worth}$
  - $\text{Assets} = \text{Liabilities} / \text{Net Worth}$
  - $\text{Net worth} = \text{Profits} - \text{Expenses}$
  - $\text{Profit} = \text{Assets} - \text{Liabilities}$
18. Income statements are sometimes called \_\_\_\_\_.
- Balance sheets
  - Budgets
  - Accounting systems
  - Profit & loss statements
19. This shows your actual business revenues and expenses over a period of time.
- Balance sheet
  - Income statement
  - Profit & Loss statement
  - Both b and c

20. Which of the following is not a segment of a complete contractor's budget?
- Income forecasting
  - Expense budgets
  - Depreciation
  - Cash Flow projections
21. Income forecasting is a budgeting tool used to \_\_\_\_\_.
- Project profit needed by category
  - Project future expenses
  - Estimate future revenues
  - Project available cash at the end of each month
22. Expense budgets are used to \_\_\_\_\_.
- Project profit needed by category
  - Project future expenses
  - Estimate future revenues
  - Project available cash at the end of each month
23. Businesses need profit to \_\_\_\_\_.
- Warrant the risk involved
  - Reward employees
  - Purchase new equipment
  - All of the above

#### Chapter 4

24. Financial ratios and percentages are financial tools used \_\_\_\_\_.
- Indicators of financial performance
  - Measures of liquidity
  - Measures of profitability
  - All of the above
25. Which of the following is the correct formula for a financial ratio?
- X divided by Y
  - X minus Y
  - X plus Y
  - X times Y
26. Which of the following is not a type of financial ratio?
- Liquidity
  - Capital
  - Efficiency
  - Profitability

27. What type of ratio is the Current Ratio?

- a. Liquidity
- b. Capital
- c. Efficiency
- d. Profitability

28. What type of ratio is the Return on Investment Ratio?

- a. Liquidity
- b. Capital
- c. Efficiency
- d. Profitability

## Chapter 5

29. Which of the following is a correct statement about bidding methods?

- a. Using a multiplier is less risky than a comprehensive bid.
- b. Using a multiplier is faster than a comprehensive bid.
- c. Using a multiplier is more accurate than a comprehensive bid.
- d. Multipliers should be based on what other contractors use.

30. Which of the following is not included in a comprehensive bid?

- a. Overhead expenses
- b. Variable and direct job costs
- c. Profit
- d. Sales

31. The tendency to base a bid on low cost and not on quality or profitable extras is most likely to occur with which method of bidding?

- a. The multiplier bid format
- b. Bidding by the OSSF system type and number of bedrooms
- c. The comprehensive bid
- d. A lump sum bid

32. What is the only part of a bid that you have flexibility to lower in your pricing strategy?

- a. Overhead expenses
- b. Variable and direct job costs
- c. Labor costs
- d. Profit margin

## Chapter 6

33. Ethics is a branch of moral philosophy that deals with the use of \_\_\_\_\_ to determine what is right and what is wrong.
- Moral codes
  - Reason
  - Standards of goodness
  - Philosophy
34. Which of the following is not considered an ethical behavior?
- Honesty
  - Integrity
  - Decisiveness
  - Fairness
35. What is the emphasis in the definition of a client?
- Economic gain and a relationship based on necessity.
  - Service provided by a professional protecting the interest of another.
  - An attorney's definition of a customer.
  - I don't know, I only have customers.
36. Which of the following is an "ETHICS CHECK" question?
- Is it legal
  - Is it fun
  - Is it profitable
  - Is it possible
37. Which of the following is also an "ETHICS CHECK" question?
- Is it efficient
  - Is it negotiable
  - Is it balanced
  - Is it successful

## Chapter 7

38. The three components of human influence are \_\_\_\_\_?
- Words, voice cues, physiology
  - Values, works, physiology
  - Identity, voice cues, words
  - Peak states, voice cures, words

39. Sales and Marketing is an educational process where you, as the professional must understand the false perceptions, lack of knowledge, wants, desires and fears that your client has and then gain their \_\_\_\_\_ by displaying integrity.
- Trust
  - Interest
  - Influence
  - Rapport
40. You gain credibility with your customers if \_\_\_\_\_ .
- Hire a good advertising agency to sell you service.
  - Develop a good promotional message in your sales approach.
  - Tell them what they want to hear.
  - All three components of human influence match.
41. The job of a good salesperson is to recognize where the limited understanding of the client is and \_\_\_\_\_.
- Take advantage of the opportunity to increase profit in the sale.
  - Lead the customer to an awareness of the right answer by directing the conversation with the right questions.
  - Sell them a class I aerobic system with three spray heads.
  - Recommend a conventional system since there is no maintenance contract required.
42. Strategic influence is \_\_\_\_\_?
- A way to influence people before you even meet them.
  - A strategic sales method used to close more sales.
  - Similar to what happens with word of mouth advertising.
  - Both a. and c.
43. Which is not one of the steps for strategic influence?
- Create a unique identity and consistently live it.
  - Do your homework. Know your clients.
  - Build your advertising strategy around yellow page ads.
  - Give them what they want and get their commitment.