

# Earn Continuing Professional Education Credit

# strategic FINANCE

## QUIZ 3 CPE Credits

IMA is registered with the National Association of State Boards of Accountancy (NASBA) as a sponsor of continuing professional education on the National Registry of CPE Sponsors. State boards of accountancy have final authority on the acceptance of individual courses for CPE credit. Complaints regarding registered sponsors may be addressed to the National Registry of CPE Sponsors, 150 Fourth Avenue North, Nashville, TN, 37219-2417. Telephone: (615) 880-4200. Website: www.nasba.org. The following state boards that require NASBA-QAs approval for self-study courses will not accept CPE credits earned by reading *Strategic Finance* and taking the self-study quiz: Florida, North Carolina, Oregon, Oklahoma, and Tennessee. Please consult your state board for further information. IMA Sponsor Numbers: Illinois 158-000574, NASBA 103004, New York 000349, Texas 00028. This self-study quiz meets the Institute of Management Accountants' CPE guidelines for CPE credits for CMAs and CFMs.



IMA Sponsor Numbers: Illinois 158-000574, NASBA 103004, New York 000349, Texas 00028. This self-study quiz meets the Institute of Management Accountants' CPE guidelines for CPE credits for CMAs and CFMs.

### How to Participate

1. Complete the quiz order form below.
2. Circle your answer for each quiz question on the next page. All questions asked in this quiz comply with NASBA.
3. Sign the statement that attests that you have read the articles in *Strategic Finance* and have personally answered them.
4. Cut out this entire page (order form and quiz) or copy both pages and mail or fax to IMA with complete payment information.
5. You must be an active IMA member to participate in the *Strategic Finance* quiz program.
6. If you successfully answer 70% or more of the questions, you will earn 3 CPE credits (partial CPE credit will not be given). You will receive a letter from IMA indicating the CPE credits earned. Retain this letter for your records.

### Strategic Finance Quiz Order Form

IMA Member No. \_\_\_\_\_

First Name \_\_\_\_\_ Last Name \_\_\_\_\_

Address \_\_\_\_\_

City, State, Zip \_\_\_\_\_

Telephone \_\_\_\_\_ E-Mail \_\_\_\_\_

Current *Strategic Finance* Quiz Participant:  Yes  No

New *Strategic Finance* Quiz Participant (Check the following):

**NOTE:** Must be an active IMA member to participate.

**If you are a NEW participant, fax to (201) 474-1632; if you are an EXISTING participant, fax to (201) 474-1605.**

Monthly - \$19.00  Quarterly Subscription - \$49.00 each  Jan. - March  April. - June

Annual Subscription - \$179.00  July. - Sept.  Oct. - Dec.

Payment Method: Payments must be in U.S. dollars **Total: \$** \_\_\_\_\_

Check - Make payable to: Institute of Management Accountants, Inc.

Charge my credit card:  AMEX  Discover  Mastercard  Visa

Credit Card Number: \_\_\_\_\_ Expiration Date (MM/YY): \_\_\_\_\_

Signature of Cardholder \_\_\_\_\_



IMA • *Strategic Finance* Quiz • 10 Paragon Drive • Montvale, NJ 07645  
www.imanet.org • (800) 638-4427 • (201) 573-9000

# Strategic Finance Quiz — August 2003

Please circle your answer for each question

## The Power of Effective Procurement ... (p. 36)

### Field of Study: MANAGEMENT

- Based on the experience of the Staples Contract Division, how much additional revenue would a company have to generate to equal the bottom line effect of a \$25,000 savings in office supplies procurement costs?  
a. \$375,000 - \$500,000    b. \$150,000 - \$200,000  
c. Approximately \$25,000    d. Approximately \$250,000
- A frictionless procurement program requires:  
a. Use of an e-procurement system.  
b. A consultative planning relationship between buyer and seller.  
c. Both a and b.
- To be effective, a strategic supplier must be staffed with experts in business processes. True or False.
- The lowest total delivered cost:  
a. Represents the shortest-lived procurement advantage.  
b. Is the "hard dollar" procurement savings.  
c. Is the back-end dollar procurement savings.  
d. Both a and c.
- At Staples Contract, an internal inventory of every function associated with the customer's buying experience showed that if each function reached 99% of its goal, the overall performance level for the customer would be  
a. 80%    b. 90%    c. 94%    d. 99%

## What ERP Can Offer ABC (p. 54)

### Field of Study: COST MANAGEMENT

- Nonfinancial measures used as activity cost drivers:  
a. Are always found within the financial accounting system.  
b. Are identical in every industry.  
c. Are subject to rigid process controls.  
d. Are rarely found within the accounting system.
- Enterprise Resource Planning (ERP) Systems:  
a. Have supplanted Activity-Based Costing (ABC).  
b. Have proven to be ineffective in managing costs.  
c. Have the potential to significantly enhance cost-driver information reliability.  
d. Have developed ways to inhibit ABC data collection.
- Development of an ERP system involves:  
a. Integration of production planning, materials management, sales, HR, quality, and cost and management accounting with financial accounting.  
b. Reengineering the Production department to eliminate unions.  
c. Development of processes that permit information to be synthesized at the lowest level before being entered in the accounting system for analysis.  
d. Avoiding the use of consultants for implementation since their training is in other industries.
- Allocation of costs:  
a. Is an inefficient exercise and should be abandoned.

- Is unnecessary under Activity-Based Costing.
- Is best done by percentages estimated by equipment operators.
- Is enhanced by ERP because it can specifically identify the amount actually used in an activity.

### 10. Activity-Based Budgeting:

- Is a next-generation feature of ABC but cannot currently be implemented.
- Attempts to anticipate demands on a process given estimated production of standard batch sizes.
- Cannot be implemented in an ERP system because it is based on estimates and the ERP system only works with absolutes.
- Is based on Theory of Constraints as modified in a Balanced Scorecard environment.

## Taking Performance Management to the Next Level (p. 30)

### Field of Study: MANAGEMENT

- Performance measurement systems traditionally have been  
a. Financial focused and forward looking.  
b. Nonfinancial focused and backward looking.  
c. Financial focused and backward looking.  
d. Both financial and nonfinancial as well as forward looking.
- Performance measurement systems in many organizations often focus almost totally on financial measurements. Which of the following is not a reason for this focus?  
a. External measures used by analysts and investors are almost entirely financial.  
b. Accounting packages readily provide financial measurements.  
c. Nonfinancial metrics are often not understood.  
d. Metrics, both financial and nonfinancial, are often buried deep in an organization's systems and processes.
- The authors suggest generating multiple scenarios within the budget context using a technique identified as:  
a. Spinning                      b. Wading  
c. Splashing                     d. Collaboration
- A three-step process related to performance measurement optimization is suggested. Which of the following is not one of those steps?  
a. Creating a static snapshot that serves as a baseline for future scenarios.  
b. Selecting an optimal scenario based on both financial and nonfinancial measures.  
c. Using what-if scenario planning tools to create dozens of best- and worst-case scenarios.  
d. Identifying an acceptable scenario and building the performance measurement system off this scenario.
- Data for performance management optimization comes from all of the following except:  
a. Internal ERP and CRM systems provide much of the internal data.  
b. External data from supply chains and business partnerships.  
c. Both (a) and (b).

I have read the articles in *Strategic Finance* upon which the questions are based and have personally prepared the answers without the assistance of any other person.

Signature \_\_\_\_\_ Date \_\_\_\_\_

Print name \_\_\_\_\_ Member Number \_\_\_\_\_