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QUIZ 3 CPE Credits

ANNOUNCEMENT

The IMA is launching a new online self-study course, *Strategic Finance* Online Learning Program, to replace the paper quiz. This program is in response to the new NASBA guidelines that took effect January 1, 2004.

Due to the new NASBA guidelines, CPAs must begin using the online program as soon as it is available. If you are an existing subscriber and a CMA/CFM, you can continue using the paper quiz until March 31, 2004, though you may switch to the online version sooner. We plan to have the online program available in March 2004 or sooner.

For more information or questions, please e-mail LLC@imanet.org or call the IMA Member Support at (800) 638-4427.

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

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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.

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Strategic Finance Quiz — February 2004

Please circle your answer for each question

How to Create an Activity Management Program... (p. 40)

Field of Study: MANAGEMENT

- Benefits associated with successful management of activities include
 - Providing a foundation for improved product and customer profitability analysis.
 - Ensuring that targeted process improvements are successful.
 - Making business integration efforts work internally as long as there are no recent mergers.
 - All of the above.
 - Which is not a critical step in developing an AMP program?
 - Communication.
 - Training.
 - Team selection.
 - Communication after implementation of an activity management program is essential for all of the following reasons except
 - It helps ingrain activity management into daily operations.
 - Communication ensures that things work out.
 - It can help create a useful common language as long as people must use the information.
 - Before an AMP is designed and implemented, the very idea itself needs to be sold to the end users. This is done by
 - Focusing on connecting with the operating side of the business.
 - Showing that this is an arbitrary method of keeping score, but potentially more accurate.
 - Carefully avoiding showing how new information will be provided.
 - None of the above.
 - The authors suggest that the role of consultants in implementing AMP
 - Should be minimal because success requires that the firm be able to do the work itself.
 - Can be helpful, but consultants will not do the dirty work required to implement the program.
 - Can improve quality and reduce implementation time.
 - Will ensure that change occurs.
 - The authors suggest
 - That full-blown implementation is essential because the benefits of the program only derive from such a program.
 - That the scope of the initial program be carefully selected and that a pilot program is likely to be more successful.
 - That a pilot program built by consultants must be used to help develop the implementation expertise.
 - Which of the following is not one of the key ideas that are part of successful AMP programs?
 - Getting commitment from top management and their support.
 - Making sure there is a commitment to use the information.
 - Understanding how the data will be used to make decisions.
 - All of the above.
- business environment, including
- Detailed supervision of all aspects of corporate operations.
 - Avoidance of fiduciary responsibility during board tenure.
 - Ensuring that a highly qualified executive team is managing the company.
 - Populating the board with company officers only.
- Fulfillment of a board's oversight responsibilities can be facilitated by
 - Ensuring board members aren't allowed to own company stock.
 - Dividing the board into areas of functional responsibility with the authority to make independent operational decisions in those areas.
 - Outsourcing those responsibilities to consultants.
 - Using a balanced scorecard to measure board performance.
 - What areas should the board's strategic objectives address?
 - Financial, stakeholders, internal processes, and learning and growth.
 - Strategic information availability, reviewing system of strategic plans, stakeholders' satisfaction, and project profitability.
 - Development of 5-, 10-, and 20-year financial plans, cost-cutting programs, downsizing options, and shifting short-term debt to long-term.
 - The board isn't concerned with developing strategic objectives.
 - Before developing a board's balanced scorecard, four basic elements must be discussed and explicitly defined. They include
 - Balance sheet measures to be applied to all constructs.
 - Power of the chief executive to dismiss board members.
 - Performance drivers and measures.
 - Taxability of directors' travel costs for board meetings held overseas.
 - Which of the following is defined as actions that boards of directors could take to implement the strategy to improve both board and corporate performance?
 - Objectives.
 - Performance drivers.
 - Measures.
 - Targets.
 - According to the authors, what objective would be supported by the measure "Overall attendance at meetings?"
 - High level of corporate governance and accountability.
 - Improving composition of board.
 - Improving skills and knowledge.
 - Effective functioning of the board.
 - Each metric should have
 - A specific target that results could be compared against.
 - Widely disclosed performance results communicated among directors and top management.
 - Regularly monitored results used to identify areas of weakness.
 - All of the above.
 - Measures are metrics designed to support specific strategic objectives of any organization. True or False.

How Does Your Board Rate? (p. 25)

Field of Study: MANAGEMENT

- According to the authors, three core objectives must be achieved by high-performance corporate boards in today's

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 _____