

EARN CONTINUING PROFESSIONAL
EDUCATION CREDIT—3 CPE Credits



ANNOUNCEMENT: The *Strategic Finance* Self-Study Quiz is a program in which financial professionals can earn CPE credits for passing a test based on what they have learned about various topics from reading certain magazine articles. Three cutting-edge topics are presented each month that will provide the basis for a useful educational experience for finance and management accounting professionals and help them enhance their skills. Topics focus on Management, Accounting, Auditing, Consulting Services, Ethics, Taxation, and much more. Most of the authors of these topics are certified financial professionals.

The Quiz program is designed around learning objectives, review questions and feedback, and a final test. Review questions and feedback are included to ensure cohesive learning. One hour of CPE credit is awarded for every 50 minutes spent on each topic, so you have the chance to earn three hours of CPE per month. Your State Board of Accountancy is the final authority on whether this course satisfies its rules regarding CPE, so please check with it regarding the Quiz program. Some states assign formal sponsorship numbers, and IMA's state numbers are:

Illinois: 158-000574, New York: 000349, Texas: 00028

The quizzes qualify for continuing education credit for CMAs and CFMs in all states.



How to Participate

1. Complete the quiz form located on page 60.
2. To obtain maximum benefit from the quiz, we recommend that you work on the review questions first and study the feedback to your response. You will not earn CPE from passing the review questions.
3. Circle your answer for each quiz question on the final test.
4. Cut out the completed final test and order form, or copy both pages and mail or fax them to IMA with complete payment information.
5. You must be an active IMA member to participate in this program.
6. If you successfully answer 70% or more of final test questions, you will be awarded 3 CPEs. Partial CPE credit will not be given. A letter confirming the CPE credits will be mailed to you.

Learning Objectives and Review Questions

Return of the Socially Conscious Corporation (p. 22)

Field of Study: MANAGEMENT — Level: Intermediate

LEARNING OBJECTIVES

1. Identify the nature of sustainable development.
2. Explain the advantages companies may gain from practicing sustainable development.
3. List the major elements of performance measurement for sustainable development reporting.

REVIEW QUESTIONS

1. One way to maintain or enhance a company's reputation is to:
 - a. Adopt a no-tolerance policy for employee error.
 - b. Never promote from within.
 - c. Document the company's environmental performance, social responsibility, and economic contributions.
 - d. Maintain a public relations consultant on staff to develop appropriate responses to anything attacking the company's reputation.
2. Sustainability of development requires long-term performance measures and:
 - a. Measures success in short-term performance.

- b. Measures success in terms of current economic benefit versus the long-term effect of activities.
 - c. Measures success in political terms such as increased influence with state and local legislators.
 - d. Avoids measurement of social responsibility issues.
3. Why do practitioners view sustainable development programs as risk-management tools?
 - a. Such programs allow them to avoid responsibility for environmental damage.
 - b. Insurance isn't required when programs are in place.
 - c. Lawsuits are avoided by having those programs.
 - d. Those programs help companies avoid environmental and social disasters.
 4. Performance measurement for successful sustainable development programs includes:
 - a. Net income, ROI, and current stock price.
 - b. Ability to reengineer the financial reporting process to reflect constant growth in income and stock dividends.
 - c. Environmental, social, and economic performance.
 - d. High turnover in top-level executives.

5. Environmental performance includes:
 - a. Amount of favorable legislation passed that reduces the company's liability for environmental pollution.
 - b. Number of events for which responsibility could be shifted to another entity.
 - c. Amount of energy and raw materials used, and/or type and quantity of emissions.
 - d. None of the above, since environmental performance measurement is not applicable to sustainable development programs.

How Unilever HPC-NA... (p. 40)

Field of Study: MANAGEMENT — Level: Intermediate

LEARNING OBJECTIVES

1. Explain why the balanced scorecard is an important tool for integrating corporate strategy throughout the organization at all levels.
2. Demonstrate the importance of tying personal goals to overall corporate strategy.
3. Identify the pros and cons of different types of media for communicating the balanced scorecard throughout the organization.

REVIEW QUESTIONS

1. It is important for a balanced scorecard to be embraced throughout an organization:
 - a. Because it is a new SEC requirement.
 - b. Due to the high success rate of meeting corporate objectives when aligning strategy with measured progress.
 - c. In order to communicate bonus payouts.
 - d. To keep management apprised of how support functions are performed.
2. In developing the balanced scorecard at Unilever Home and Personal Care, each board member is assigned one or two of the performance measures:
 - a. Based on their respective area of responsibility.
 - b. Because the calculation of performance measures can be cumbersome, hence the need to spread the workload.
 - c. Because they are only held accountable for their area of responsibility.
 - d. For the purpose of ensuring accountability.
3. Common quadrants for a balanced scorecard are:
 - a. Consumer/customer, process/capability, organization/people, and financial measures.
 - b. Price, product, place, and people.
 - c. Customer, associates, management, and labor unions.
 - d. Consumer/customer, manufacturing, organization/people, and financial measures.
4. Types of media used to communicate the balanced scorecard throughout the organization are:
 - a. Print, verbal, and electronic.
 - b. Print and Web.
 - c. Verbal, television, and Web.
 - d. Only verbal communication.

5. Balanced scorecard information is most accessed by the employees at all levels via the Web. True or False.

Making the Supply Chain Management... (p. 28)

Field of Study: MANAGEMENT — Level: Intermediate

LEARNING OBJECTIVES

1. Describe the importance of management accounting involvement in qualifying and implementing supply chain initiatives.
2. Describe and give examples, using financial measures, of the impact of supply chain management initiatives on corporate performance.
3. Describe the competitive advantage for companies that use advanced supply chain management practices.

REVIEW QUESTIONS

1. Management accounting is increasingly important in supply chain management because:
 - a. Reporting actual costs of operations is important.
 - b. Advanced SCM techniques can make more effective use of costs.
 - c. Supply chain managers don't understand the cost drivers of their functional areas.
 - d. The sole focus of SCM is to reduce costs.
2. Advanced supply chain practices impact cash-to-cash cycle time most significantly by:
 - a. Decreasing days' sales outstanding.
 - b. Increasing days' purchases outstanding.
 - c. Decreasing days' purchases outstanding.
 - d. Decreasing days of inventory.
3. Which of the following is least often the focus of supply chain management initiatives:
 - a. Improved asset utilization.
 - b. Lower COGS.
 - c. Lower SG&A.
 - d. Increased sales.
 - e. Improved customer service.
4. Supply chain initiatives create the greatest value when they:
 - a. Focus on the activities of an individual department.
 - b. Focus on improving operational measures.
 - c. Focus on minimizing per unit costs.
 - d. Focus on coordinating the activities across the company's span of control.
 - e. Focus on coordinating the activities across the supply chain.
5. Finite production scheduling is an important factor in:
 - a. Reducing variability of customer demand.
 - b. Improving throughput.
 - c. Optimizing raw material inventory.
 - d. Reducing inventory costs.
 - e. Reducing rush production orders.

Return of the Socially Conscious Corporation (p. 22)**Field of Study: MANAGEMENT — Level: Intermediate**

1.
 - a. Incorrect. Errors will occur, and a no-tolerance policy is unlikely to be successful. Solution not addressed in article.
 - b. Incorrect. It is unlikely the company could survive if it did not promote from within. Not a focus of the article.
 - c. Correct. These were the three issues specifically addressed in this article.
 - d. Incorrect. While this may be a useful strategy, it represents a short-term response rather than a sustainability focus.
2.
 - a. Incorrect. Sustainability requires long-term measures of performance.
 - b. Correct. This is how the author explains the link between sustainability and long-term performance measures.
 - c. Incorrect. Political influence is not mentioned as a measure of success by the author.
 - d. Incorrect. Success includes measures of long-term impact of activities on society.
3.
 - a. Incorrect. This type of program helps the firm avoid such things as environmental damage rather than focusing on the responsibility for causing the damage. If damage does occur, management is still responsible.
 - b. Incorrect. The requirements for insurance may be reduced but are not necessarily eliminated by those programs.
 - c. Incorrect. Lawsuits can't be avoided simply by having programs in place.
 - d. Correct. This is the primary reason cited in the article.
4.
 - a. Incorrect. The cited measures are short term, while successful sustainable development programs require long-term measures.
 - b. Incorrect. The performance measures discussed do not include such "reengineering."
 - c. Correct. The article focuses on reporting such measures.
 - d. Incorrect. Top management turnover is not a performance measure discussed in the article.
5.
 - a. Incorrect. This is not an element included in successful environmental performance.
 - b. Incorrect. Shifting responsibility may be a way to avoid it, but this strategy is not an element in successful environmental performance.
 - c. Correct. These items are examples of aspects used to measure environmental performance.
 - d. Incorrect. Environmental performance is one of three areas cited as essential to measurement of sustainable development program success or failure.

How Unilever HPC-NA... (p. 40)**Field of Study: MANAGEMENT — Level: Intermediate**

1.
 - a. Incorrect. It is not an SEC requirement to use the balanced scorecard. The balanced scorecard is an internal management tool.
 - b. Correct. This statement is a representation of the experiences companies have had when applying the balanced scorecard.
 - c. Incorrect. Explaining compensation is not a purpose of a balanced scorecard; the compensation is a product of a

balanced scorecard.

- d. Incorrect. The scorecard identifies different performance measures and relates them to strategy; it does not focus on how activities are actually performed.
2.
 - a. Incorrect. Individual board members do not have specific areas of operational responsibility.
 - b. Incorrect. The purpose of using the balanced scorecard as a strategic tool involves much more than simply dividing up the workload.
 - c. Incorrect. As a strategic tool, the balanced scorecard is not focused on specific functions. In addition, board members have oversight on the entire organization.
 - d. Correct. It is critical that the board be held directly accountable for certain measures and jointly accountable for overall success.
3.
 - a. Correct. These are the four quadrants that are part of the balanced scorecard.
 - b. Incorrect. These four categories are not the quadrants common in scorecards; rather, they are quadrants of marketing strategies.
 - c. Incorrect. It only covers people.
 - d. Incorrect. The balanced scorecard covers processes beyond manufacturing.
4.
 - a. Correct. Each of these media types plays a role of communication to certain audiences within an organization.
 - b. Incorrect. Verbal communication is also an important component of this effort to explain and gain acceptance for the balanced scorecard.
 - c. Incorrect. Television is not applicable.
 - d. Incorrect. While verbal communication is critical, it should not be the only means of communication.
5. False. The experience of the example company found that the Web was effective as a communication tool for certain levels of organizational structure.

Making the Supply Chain Management... (p. 28)**Field of Study: MANAGEMENT — Level: Intermediate**

1.
 - a. Incorrect. Although cost reporting is important, it does not directly support the supply chain management processes in achieving the overall corporate strategy.
 - b. Correct. Advanced supply chain management techniques make much more effective use of costs, resulting in a positive bottom-line impact.
 - c. Incorrect. Most supply chain managers are aware of their functional cost drivers although they may not understand the interdependencies with other areas.
 - d. Incorrect. Although a primary focus of SCM is cost reduction, it is definitely not the sole focus, especially if cost minimization does not support the competitive strategy.
2.
 - a. Incorrect. SCM does not have significant impact on DSO.
 - b. Incorrect, SCM does not have significant impact on DPO.
 - c. Incorrect. SCM does not have significant impact on DPO.
 - d. Correct. Most SCM initiatives have inventory reductions as one of their main objectives.
3.
 - a. Incorrect. Asset utilization is a key measure relating to a supply chain's performance, so it is the target of many

SELF-STUDY QUIZ: Feedback continued

- SCM initiatives.
- b. Incorrect. COGS represents a significant portion of a supply chain's costs and is the target of almost all SCM initiatives.
 - c. Correct. Although SG&A is often positively impacted by SCM initiatives, it is rarely the focus.
 - d. Incorrect. Many SCM initiatives aim to increase revenues, primarily through a reduction in lost sales.
 - e. Incorrect. Almost every corporate strategy seeks to maximize customer service, with the supply chain being the primary vehicle through which customer service is achieved.
4. a. Incorrect. Focusing on individual departments generates value, but not as much as focusing on the supply chain as a whole.
- b. Incorrect. Operational measures are narrow and don't necessarily focus on the overall corporate goals.
 - c. Incorrect. Minimizing per unit costs can have adverse effects
- in other areas of the supply chain (e.g., drive inventory up).
- d. Incorrect. Coordinating the activities across the company's span of control does create significant value but not as much as expanding the entire supply chain.
 - e. Correct. Focusing on the entire supply chain can create the greatest overall efficiencies and benefits.
5. a. Incorrect. Customer demand is not impacted by a production schedule.
- b. Correct. Finite production scheduling focuses on production efficiency, coinciding with improving throughput.
 - c. Incorrect. Raw material inventory levels are not planned in production scheduling.
 - d. Incorrect. Inventory costs are not directly considered during finite production scheduling.
 - e. Incorrect. Rush production orders are usually reduced from improved planning prior to generating the production schedule.

strategic FINANCE SELF-STUDY QUIZ: Final Test – April 2004

Please circle your answer for each question

Return of the Socially Conscious Corporation (p. 22)

Field of Study: MANAGEMENT

1. One of the desirable characteristics of socially responsible investors is that they have a longer investment horizon than typical investors. True or False.
2. The Global Reporting Initiative (GRI) was:
 - a. Created by Greenpeace and UNCLE efforts on a global basis.
 - b. Established by the World Congress to develop environmental reporting standards.
 - c. Was founded in part by UNEP to develop reporting standards used for sustainable development.
 - d. Is a division of the Canadian Institute of Chartered Accountants.
3. Which of the following sections are recommended parts of sustainability reports?
 - a. Probability and Legal Disclaimers.
 - b. Executive Turnover and Profitability Index.
 - c. Profile, Governance Structure, and Management Systems.
 - d. Risk Aversion and Environmental Liabilities.
4. Potential benefits of sustainability reporting do NOT include:
 - a. Provide a sound basis for dialogue and discussion with stakeholders.
 - b. Channel pertinent information to targeted stakeholders to enhance corporate visibility and help demonstrate transparency.
 - c. Assist the company in demonstrating how it lives up to its business values and principles related to environmental and social issues.
 - d. Encourage evasion of liability for environmental damage

within the control of the company.

5. Examples of sustainability performance indicators include:
 - a. Level of environmental compliance.
 - b. Measures of social labor practices.
 - c. Economic impact of the entity on the community.
 - d. All of the above.

How Unilever HPC-NA... (p. 40)

Field of Study: MANAGEMENT

6. The lessons for marketing the balanced scorecard internally include:
 - a. The balanced scorecard is a useful substitute for strategy formulation.
 - b. More measures are better to provide balance to the performance evaluation.
 - c. Balanced scorecard results must be aligned with compensation to maximize its effectiveness.
 - d. All of the above.
7. Specific measures are assigned to specific board members mainly:
 - a. Because they have certain expertise.
 - b. To ensure accountability.
 - c. To distribute the workload.
 - d. For leadership awareness.
8. Based on the experiences reported by Unilever, the frequency of balanced scorecard use is:
 - a. Monthly.
 - b. Quarterly.
 - c. Annually.
 - d. Ongoing.
9. Critical to the success of a balanced scorecard is:
 - a. Internal marketing.

