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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 per month. IMA is in the process of securing NASBA approval to reflect the 2004 NASBA regulation changes. CPAs who wish to use the quizzes for CPE credit must contact their local State Board of Accountancy. 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:

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

## How to Participate

1. Complete the quiz form located below.
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 the final test questions, you will be awarded 1 CPE credit. Partial CPE credit will not be given. A letter confirming the CPE credit will be mailed to you.

## IMPORTANT NOTICE TO QUIZ PARTICIPANTS

NASBA rules have changed. To ensure compliance with these changes, IMA has changed its quiz offering. Quiz bundles are no longer being offered, and quizzes from previous issues of *Strategic Finance* no longer qualify for CPE. We realize that many of you have purchased bundles and that current users will likely have questions about these changes and what to expect from IMA. We have set up some special contact points to address your concerns and help ensure we keep you as a satisfied customer. For more information, please visit our home page, [www.imanet.org](http://www.imanet.org), or e-mail us at [sfquiz@imanet.org](mailto:sfquiz@imanet.org).

## STRATEGIC FINANCE SELF-STUDY QUIZ ORDER FORM

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



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**When Strategy and Valuation Meet (p. 30)**

**Field of Study: MANAGEMENT — Level: Intermediate**

**LEARNING OBJECTIVES**

1. Understand Return Driven Strategy in concert with financial valuations.
2. Become familiar with key financial measurements and how they interrelate.
3. Gain an appreciation of how strategy development and financial goals must work together.

**REVIEW QUESTIONS**

1. Which of the following statements is true?
  - a. “Different” companies are always high-performing companies.
  - b. “Different” companies with unmet customer needs have higher cash flows than companies that offer products that can be substituted.
  - c. Being “different” is fundamental to any good business strategy.
  - d. Focusing solely on being “different” usually results in higher cash flows and higher stock price.
2. Which measure is best for performing business valuations?
  - a. Cash flow return on investment.
  - b. Gross asset growth rate.
  - c. Total shareholder returns vs. major market index.
  - d. All of the above.
3. The difference between a great company and a great stock is:
  - a. Great stock is usually based on future expectations, while a great company perception is based on delivering actual results.
  - b. They have an inverted relationship.
  - c. Great stock is indicative of a great company.
  - d. A great company is indicative of a great stock.
4. Return Driven Strategy:
  - a. Is based on the concept of convergence of strategy and valuation.
  - b. Suggests that the great business strategies and great business valuations require the same discipline.
  - c. Suggests that financial maximization is an overriding tenet of business strategy
  - d. All of the above.
5. The BMW case study report clearly highlights:
  - a. That cash-flow return has nothing to do with stock price.
  - b. That growth accompanied by poor cash-flow return does little for stock price.
  - c. That as cash flows increase, stock price goes down.
  - d. That asset growth and stock price have a positive correlation.

**Delivering Strategic Business Value (p. 40)**

**Field of Study: MANAGEMENT — Level: Intermediate**

**LEARNING OBJECTIVES**

1. Develop an understanding of how business intelligence and management accounting together can provide managers with more useful information.

2. Explain why management accounting’s strategic value to the organization increases by embracing and using business intelligence information.
3. Describe the importance of focusing on operational information within an organization.

**REVIEW QUESTIONS**

1. Which of the following statements about the modern Management Accounting Information Framework (MAIF) is incorrect?
  - a. Is built upon a single integrated source of information.
  - b. Draws relevant, broad-based management accounting information from appropriate sources of transactional information.
  - c. Encompasses less information than a traditional cost accounting framework.
  - d. All of the above are correct.
2. Which of the following statements is incorrect?
  - a. The adoption of data warehousing and business intelligence will permit firms to replace their management accounting systems.
  - b. The adoption of data warehousing and business intelligence systems will permit management accounting to return to its roots.
  - c. A modern MAIF can flexibly deliver information to meet a wide spectrum of information uses—uses that can improve management and/or business processes that impact profits.
  - d. Organizations must decide that it is important, make sound make-or-buy decisions, and embed the use of expanded management accounting information into the management and business processes that drive profits.
3. Business intelligence software product vendors:
  - a. Tend to offer customized open-structured solutions.
  - b. Typically are large-cap firms with multiple software products and services.
  - c. Provide packaged solutions to some of the MAIF capabilities.
  - d. Work closely with ERP providers.
4. Which of the following is not a challenge to getting a data warehousing and business intelligence system in place to expand management accounting capability?
  - a. Obtaining CFO interest in the opportunity.
  - b. Prior investments in ERP systems.
  - c. The functionally oriented nature of the data warehousing and business intelligence project.
  - d. All of the above are challenges.
5. Management accounting:
  - a. Has its roots in external reporting and has evolved to provide an internal focus.
  - b. Has its roots in operations, with an early focus on product conversion and consumption.
  - c. Lost its way when it began allocating costs.
  - d. Adequately serves the needs of public, but not private, enterprises.

**When Strategy and Valuation Meet (p. 30)**

**Field of Study: MANAGEMENT — Level: Intermediate**

1.
  - a. Incorrect. “Different” companies are by no means great performers.
  - b. Correct. When a firm’s offerings satisfy a customer’s otherwise unmet needs, there is an incredibly positive relationship with cash flow return on investment.
  - c. Incorrect. The authors of this article would argue being different is simply a natural by-product of a firm’s activity, not a driver strategy.
  - d. Incorrect. Although there is an incredibly positive relationship with cash flow return on investment when a firm’s offerings satisfy a customer’s otherwise unmet needs, this isn’t necessarily indicative of a higher stock price.
2.
  - a. Incorrect. Good business valuations are completed with more than one key financial measure.
  - b. Incorrect. Good business valuations are completed with more than one key financial measure.
  - c. Incorrect. Good business valuations are completed with more than one key financial measure.
  - d. Correct. Good business valuations are completed with more than one key financial measure.
3.
  - a. Correct.
  - b. Incorrect. This statement is not even usually the case.
  - c. Incorrect. Great stock is usually based on future expectations, while a great company perception is based on delivering actual results—therefore at times these can be unrelated.
  - d. Incorrect. Great stock is usually based on future expectations, while a great company perception is based on delivering actual results—therefore at times these can be unrelated.
4.
  - a. Incorrect. It is a true statement, but so are B & C.
  - b. Incorrect. It is a true statement, but so are A & C.
  - c. Incorrect. It is a true statement, but so are A & B.
  - d. Correct. A, B, & C are all true statements.
5.
  - a. Incorrect. There appears to be a correlation between the two at times of increasing and decreasing cash flow return.
  - b. Correct. It is a true statement.
  - c. Incorrect. This is not always the correlation.
  - d. Incorrect. This is not always the correlation.

**Delivering Strategic Business Value (p. 40)**

**Field of Study: MANAGEMENT — Level: Intermediate**

1.
  - a. Incorrect. Answer A is a correct statement. Information from multiple sources is accumulated in a data warehouse and provides multidimensional information to the management accounting system.

- b. Incorrect. Answer B is a correct statement. Data are drawn from sources such as the general ledger system, the supply system, and other legacy systems.
  - c. Correct. Answer C is an incorrect statement. A modern MAIF encompasses more information, not less.
  - d. Incorrect. Answer C is a correct statement.
2.
  - a. Correct. The statement is incorrect. The adoption of data warehousing and business intelligence will enhance and make management accounting more relevant, not replace this system.
  - b. Incorrect. This statement is correct. The roots of management accounting are in operations, and data warehousing and business intelligence systems will return operational focus to management accounting.
  - c. Incorrect. This statement is correct. Incorporating information from multiple systems through a data warehouse custom solution will allow the firm to improve business processes.
  - d. Incorrect. This statement is correct. This is one of the strategic decisions the author emphasizes as important for the organization to make.
3.
  - a. Incorrect. The software vendors tend to offer preselected, not custom, solutions.
  - b. Incorrect. Most business intelligence software product vendors are small-cap firms that provide a small number of products and services.
  - c. Correct. This is the nature of prepackaged software that these vendors are selling.
  - d. Incorrect. The product vendors often work in a different world than the ERP providers.
4.
  - a. Incorrect. A key challenge is often to get the CFO’s interest. There is a suggestion in the article that the COO may be a key player because of this challenge.
  - b. Incorrect. The fact that large prior investments have been made in ERP systems often makes it difficult to convince management that there’s a need for data warehousing and business intelligence systems.
  - c. Correct. Data warehousing and business intelligence projects are cross-functional in nature.
  - d. Incorrect. Answer C is not a challenge to getting a data warehousing and business intelligence system in place.
5.
  - a. Incorrect. Management accounting has its roots in operations.
  - b. Correct. The primary early focus of management accounting was on managing material and labor costs.
  - c. Incorrect. Cost allocation was a natural progress of management accounting as it expanded its role in providing information to internal managers and integrated with financial reporting.
  - d. Incorrect. Management accounting is not designed to meet the needs of external users.

Please circle your answer for each question

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**Field of Study: MANAGEMENT — Level: Intermediate**

1. Which of the following is not one of the five lessons of the convergence of strategy and valuation?
  - a. A great product seldom ensures a great business.
  - b. Why monopolies are often great stocks.
  - c. When and why growth is not a necessarily a good thing.
  - d. Being “different” is not core to strategy—it’s only a by-product.
2. Monopolies are great long-term investments.
  - a. True
  - b. False
3. The one firm goal any true expert should have in mind is:
  - a. Maximizing the creation of value.
  - b. Signing deals.
  - c. Contracting with third-parties to fill the pipeline.
  - d. Signing only deals that have a probability of success greater than 85%.
4. A key business downside in the business valuation of BMW:
  - a. Is that there are substitutable products, so the business is not price sensitive.
  - b. Customer loyalty.
  - c. Is that there are substitutable products, so the business is price sensitive.
  - d. The quality of the vehicles.
5. Metrics such as sales revenue, sales per share, or customer growth rates:
  - a. Are the industry’s best measures of success.
  - b. Align management decisions with long-term focus.
  - c. Can avoid management focus on short-term results.
  - d. Can encourage poor decision making by senior management.

**Delivering Strategic Business Value (p. 40)**

**Field of Study: MANAGEMENT — Level: Intermediate**

6. The use of data warehousing/business intelligence technology can help an expanded management accounting information system:
  - a. Aid in launching profit improvement initiatives.
  - b. Define management response paths for business events.

- c. Enable management control operations in areas such as customer analytics and scorecards.
  - d. All of the above.
7. Which of the following statements about management accounting systems is incorrect?
  - a. These systems typically generate incomplete information.
  - b. They create incomplete data that is used because other data is not available.
  - c. They integrate well with operational systems within the organization.
  - d. None of the above is incorrect.
8. Custom data warehousing and business intelligence systems:
  - a. Are custom designed from the ground up.
  - b. Are risky, time-consuming, and expensive infrastructure projects.
  - c. Allow the firm to make key design choices rather than leaving these choice to the vendors.
  - d. Represent a buy, rather than make, solution.
9. Business intelligence:
  - a. Is a mature tool that has reached its full potential in those firms that made serious efforts to adopt and use it.
  - b. Is a tool that will help firms eliminate their management accounting systems.
  - c. Allows companies to use a common set of business facts for analyzing and implementing a variety of initiatives.
  - d. All of the above.
10. A customized management accounting information framework would allow companies to:
  - a. Provide a single integrated source of relevant cost information for the various users.
  - b. Eliminate time-consuming and idiosyncratic ad hoc searches for information from multiple sources.
  - c. Expand the scope and relevance of management accounting by integrating value analysis, process analysis, quality management, and costing into one analysis.
  - d. Reduce reliance on financial accounting information.
  - e. All of the above.

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 \_\_\_\_\_