

# Test Questions- Business

1. A well-developed marketing plan will include

all of the following, except:

- A. Staffing considerations
- B. Competitive analysis
- C. Quality-of-care considerations
- D. Pricing considerations

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Correct answer is C

While quality-of-care issues are a concern of healthcare administrators, they are not tools used in marketing.

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2. Which of the following is the proper term for the healthcare facility development plan?

- A. Land use plan
- B. Functional plan
- C. Master site plan
- D. Strategic plan

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Correct answer is C

Master site plan is the proper term for the facility development plan.

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3. The primary task of marketing is to:
- A. Bring about voluntary and involuntary exchanges of values
  - B. Attract new advertisers
  - C. Bring about voluntary exchanges of values
  - D. Advertise new and existing services

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Correct answer is C

The classic definition of marketing notes its task as being the voluntary exchange of values. The involuntary exchange of values is the realm of the legal establishment of law enforcement agencies. Attraction of new customers is one possible task of marketing, but it is not the primary one. It may not even be the task. For example, sometimes the task is to retain existing customers rather than attract new ones. Advertising is one tool of marketing, but not necessarily the primary one.

Source: Kotler, P. and Clarke, R.N., *Marketing for Health Care Organizations*. 1987, chapter 1-2

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4. It would be incorrect to say that:
- A. An organization's image is a function of all that the organization has done as well as what it has attempted to communicate
  - B. People's images of an organization always reflect their true attitudes towards the organization
  - C. An organization's image is largely the result of public relations, advertising, selling and communication efforts
  - D. Responsibility for the creation of the organization's image does not lie merely with the marketer

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Correct answer is C

Too often in healthcare, organizations view image as the creation of a variety of promotional tools when, in fact, image is a result of everything the whole organization has done. That is also the reason why responsibility for image creation cannot lie merely with the marketer. An image is not an attitude; two people can both view a healthcare organization as large and have opposing attitudes toward a large healthcare organization.

Source: Kotler and Clarke, chapter 2



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5. All of the following are methods used to

forecast future demand *except*:

- A. Target buyer intentions surveys
- B. Performance of an environmental assessment
- C. Estimation of a competitor's current customer base
- D. Estimate of future demand by “middlemen”

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Correct answer is C

Target buyer intention surveys, environmental assessments and middlemen estimates are all acceptable methods of forecasting future demand.

Obtaining data on the size of a competitor's customer base may be irrelevant if market size is changing and future marketing efforts contribute to that change.

Source: Kotler and Clarke, chapter 8

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6. All of the following statements are true *except*:
- A. Much of the art of forecasting relies on the opinions of experts
  - B. forecasting, if correctly performed relying on technological forecasting approaches, is an exact science
  - C. Forecasting including applying the rates of anticipated future change to the current status to predict the future
  - D. Qualitative data are often used in developing assumptions on which quantitative forecasting can be construed

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Correct answer is B

Forecasting is not an exact science. Much of forecasting relies on the opinion of experts for which there are many methods of incorporation (e.g., Delphi panel, Delbecq panel, expert consultant, etc.). Rates of anticipated future change can only be hypothesized based on educated guesses, and quantitative forecasts rely on qualitative data and/or assumptions, making forecasting less than an exact science.

Source: Reeves, P.N. and Coile, R.C. Introduction to Health Planning,  
th

4 Ed, 1989. chapter 10

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7. The principle reason a public relations professional should be included in the operations plan following a sentinel event is:

- A. PR would be able to determine the correct media coverage
- B. PR would be able to proactively develop a crisis communications plan
- C. PR would need to know in order to squelch rumors
- D. A PR professional does not need to be involved

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Correct answer is B

The best approach in a crisis is a proactive plan, and PR professionals are adept at developing crisis communications plan.

Public relations is a boundary spanning activity between an organization and the community being served. The control of information flow, both positive and negative, about an organization and an attempt to maximize favorable impressions and minimize obstacles to success.

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8. A person has paid cash for an elective cosmetic surgery. This is an example of which of the following:

- A. Need
- B. Want
- C. Demand
- D. Opportunity

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Correct answer is C

Need = condition in which there is a deficiency of something, or one requiring relief

Want = a wish or desire for something

Demand = what the purchaser is willing to pay to satisfy the need or want



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9. The primary reasons for the decision to move from a freestanding voluntary facility to an investor-owned healthcare organization is:

- A. Economy of scale
- B. Access to the equity market
- C. Access to patients
- D. Improved visibility in the community

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Correct answer is B

Access to the equity market. The other 3  
answers can be achieved without changing  
ownership

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10. The volume that would be realized if each prospective consumer were to purchase a specified amount of a particular service during a defined future time frame is called:

- A. A sales forecast
- B. A market forecast
- C. Operational capacity
- D. Market potential

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Correct answer is D

Market potential. This question requires an understanding of marketing terminology

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## 11. Mission statements:

- A. Are frequently changed in response to environmental issues and marketing trends.
- B. Do not require formal board action when revised.
- C. Require financial parameters.
- D. Identify in broad terms the purposes for which an organization exists.

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- Correct answer is D

## 12. Regarding the budget, the board:

- A. Does not use the budget exercise as a way to improve quality and productivity.
- B. Gets involved in preparing budgets for all operational units.
- C. Decides which personnel are needed in top management.
- D. Establishes guidelines and makes final choices among competing opportunities.

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- Correct answer is D