

Chapter 2 Multiple Choice Questions

- 1  Which of the following defines the correct sequence for business planning?
- ☐ long-range plan, mission, vision, marketing plan, business plan, operating budget
 - ☒ vision, mission, long-range plan, business plan, marketing plan, operating budget
 - ☐ mission, vision, business plan, long-range plan, marketing plan, operating budget
 - ☐ business plan, vision, mission, long-range plan, marketing plan, operating budget
- 2  Which of the following resources is available in a limited supply to managers of food and beverage operations?
- ☐ time
 - ☐ facilities
 - ☐ money
 - ☒ all of the above
- 3  In the sequence of planning, which of the following tools would managers generally develop last?
- ☐ mission statement
 - ☒ operating budget
 - ☐ long-range plan
 - ☐ business plan
- 4  Effective control systems can help food and beverage managers:
- ☒ identify mistakes and plan tactics to correct them.
 - ☐ create a mission statement.
 - ☐ identify new menu items to offer.
 - ☐ define strategic objectives.
- 5  Which of the following statements about the role of standards in the control process is TRUE?
- ☐ Industry averages are the best source of information for establishing standards.
 - ☐ Financial standards should always be set on the basis of past financial statements.
 - ☒ Standards can be established for revenue goals and sales targets as well as for employee attendance and safety records.

☐ Standards are effective only if they state an expected level of performance for individual employees.

- 6 ☐ ☐ ☐ Sharon, the newly hired manager at the independently owned Seasons Restaurant, has discovered that calculations of actual food costs include the cost of providing employee meals. However, employee meals are not included as costs in establishing the restaurant's standard food costs. Which of the following principles of developing an effective control process has been violated?

☐ Information about actual operating results must be simple and easy to collect.

☒ Actual information must be collected in a manner consistent with the procedures and formats used to establish performance standards.

☐ Checks on the controls should be part of the control system itself.

☐ Actual information generated for control purposes should be compatible with the formats used in accounting systems.

- 7 ☐ ☐ ☐ Comparisons between standards and actual operating results should be made:

☐ only when problems are suspected.

☐ during the same time frames (e.g., monthly).

☒ as soon as possible after actual costs are known.

☐ periodically, but infrequently.

- 8 ☐ ☐ ☐ A shopper service is a(n):

☐ service offered by many businesses to assist guests who are unable to visit the operation in person.

☐ Internet-based buying service that offers managers greater control of the purchasing and receiving function.

☐ system of supply in which vendors automatically resupply the restaurant on a schedule determined by the food and beverage manager.

☒ control tactic that involves observing and reporting the actual operations of a business.

- 9 ☐ ☐ ☐ The cost effectiveness of a control system is measured by:

☒ comparing the cost of implementing the control system with the cost reductions achieved by using the system.

- ☐ evaluating how well the control system helps identify what corrective action is necessary to bring actual operating results closer to established standards of performance.
- ☐ assessing the timeliness by which control information is made available to managers.
- ☐ determining whether the control system gives priority to factors that are most relevant to attaining the operation's goals.

- 10 ☐ = Changes recommended by an operation's controller to resolve actual and estimated income and cost variances should be viewed by the food and beverage manager as:
- ☐ a corporate mandate to adopt the changes.
 - ☒ advisory only.
 - ☐ coming from the chief financial officer.
 - ☐ not relevant.