

READING PASSAGE 3

Questions 27–34

Q 27. *Too few companies understand how to evaluate fashionable management theories.*

Meaning: Not many companies (in a negative sense) understand how to evaluate fashionable management theories.

Answer: NOT GIVEN

Part of the passage [Par A]: In the world of business, where today's **fashionable management** theory soon becomes a stale cliché or a quaint archaism, **it is essential to have a clear idea about the enduring rules of good management.** The company that follows these is the company that is in the strongest position amid the uncertainties and violent upheavals of the world as we know it.

Explanation: While the passage claims that it is important to have a clear idea about the enduring rules of good management, there is no information about evaluating fashionable management theories, let alone how many (too few or enough) companies are able to do it.

Q 28. *Certain practices should always be followed when coping with unstable solutions.*

Answer: YES

Part of the passage [Par A]: it is essential to have a clear idea about the enduring rules of good management. The company that follows these is the company that is in the strongest position amid the uncertainties...

Explanation: Certain practices (rules) should be followed when coping with unstable solutions (uncertainties). Some students might be fooled by 'always', but I think the word 'enduring' makes up for it.

Q 29. *It is important that the development of ideas should lead to improvements in the company's financial position.*

Answer: **YES**

Part of the passage [Par B]: *But ideas have value only if people share and develop them in ways that increase revenue;*

Explanation: increase revenue = improvements in company's financial position

Q 30. The structuring of a database should be decided by all its users.

Answer: **NO**

Part of the passage [Par B]: *Ideas must flow in every direction through a company — not merely from the top down. And knowledge is worth storing only if senior staff set careful rules to filter and structure it. What goes into a database determines the value of what comes out. So setting central rules and standards is key to good knowledge management.*

Explanation: The passage clearly says tha the database should be decided by only senior staff members.

Q 31. More training needs to be provided to help managers assess the usefulness of new information.

Answer: **NOT GIVEN**

Part of the passage [Par C]: *Good judgment is a key skill. Managers constantly blitzed with new information needed to build in the data that matters and set aside the rest.*

Explanation: There is no information about any training for managers dealing with new information.

Q 32. Any major change should be introduced all at once.

Answer: **NO**

Part of the passage [Par C]: *Big-bang decisions are generally best avoided - or implemented in small incremental moves that leave room for flexibility and for altering course, if circumstances change.*

Explanation: 'implemented in small incremental moves' means NOT 'all at once'

Q 33. Companies can benefit from using different strategies with different customers.

Answer: YES

Part of the passage [Par D]: They have more information than ever before about their customers, and must use this to offer their most profitable customers, special deals, and to make them feel part of an elite club. Some companies even seek to 'fire' unprofitable customers by charging them higher rates than others.

Explanation: Some customers should be given loyalty discounts, some should be 'fired', hence different treatment for different customers.

Q 34. The activities which are common to all companies are best kept in-house.

Answer: NO

Part of the passage [Par F]: Managers must think through from scratch which activities should be kept in-house and outsourced, and *normally a company should keep those activities it does better than its competitors.*

Explanation: The text specifically says the activities a company does better than its competitors (NOT common) should be kept in-house.

Questions 35–40

Q 35. examples of qualities required when co-operating with other companies

Answer: F

Part of the passage [Par F]: Companies need to collaborate more, in alliances that allow them to outsource production or to spread risk or to enter new markets. *Effective collaboration calls for trust and shared understanding, rather than the top-down, command-and-control approach of hierarchical structures.* Successful collaboration also requires excellent communication, and incentives that reward sharing information and working for common goals.

Explanation: Examples of qualities: trust, shared understanding and excellent communication.

Q 36. examples of business activities where all staff should follow the same practices

Answer: H

Part of the passage [Par H]: Ironically, Internet technologies, tools of freedom and decentralization, call for discipline and standard processes. Only by setting standards and insisting that everyone abide by them will companies reap their potential savings. Companies need to insist on common practices in areas *such as purchasing and information technology in order to harvest real productivity gains.*

Explanation: In business activities such as purchasing and information technology, company employees should abide by the same standards (= common practices).

Q 37. examples of alternative employment patterns within a company

Answer: E

Part of the passage [Par E]: Some companies will want to hire the talents of 'free agents' as and when they are required; others, to employ directly their best brains.

Explanation: Two examples of alternative employment patterns given in this paragraph are 'free agents' and 'employing directly'.

Q 38. a basis for deciding whether a company should carry out an activity itself or ask an outside company to do it

Answer: F

Part of the passage [Par F]: Managers must think through from scratch which activities should be kept in-house and outsourced, and normally a company should keep those activities it does better than its competitors.

Explanation: See Q 34

Q 39. an example of how information can be shared by a company and its customers

Answer: I

Part of the passage [Par I]: Increasingly, companies will allow their suppliers and customers 'inside the machine,' as it were, by giving them extraordinary access to their databases

and inner workings in order to integrate their operations and to make collaboration effective.

Explanation: allowing customers extraordinary access is one example of how information can be shared.

Q 40. a reason why customers might continue to buy from the same companies

Answer: D

Part of the passage [Par D]: *So companies must build loyalty by providing reliability and good service. Given the welter product information reaching customers, memorable brands will grow more important.*

Explanation: by providing reliability and good service, companies can build loyalty (= customers might continue to buy from the same company)