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for Mr Ngogovo
Mr Kimani

March 2011 MODEL EXAMINATION: sent to Ezekiel G Ngogovo ATC Lecturer.

Managing the Travel Business (Stepping into Management) Model Examination
For the use of IATA Authorized Training Centers. Not for sale or resale. This model exam paper mirrors a single paper examination and includes a sample of exam questions. Correct answer options are in bold font.

Managing the Travel Business Model Exam 1

Product and Negotiation

Answer all questions, only one answer per question is accepted.

1. Which is the last step of the negotiation process?
A. Disclosing information
B. Offering a proposal ✓
C. Prioritizing the variables ✓
D. Writing a formal agreement

2. Unilateral action is when _____ ✓
A. two parties abandon the negotiation process due to long delays ✓
B. both negotiating teams work together to identify acceptable solutions that lead to a firm deal
C. one party is stronger and can make any decision and negotiation is not necessary
D. both negotiating teams have insufficient time and resources and negotiation stops ✓

3. Which of the following statements is true?
A. Persuasion is the first step in the negotiation process. ✓
B. Persuasion cannot solve a problem or a conflict ✓
~~C. Persuasion is a good way to create a win-win situation~~
D. Persuasion can be used to avoid making concessions

4. The _____ is a point in the negotiation process when each party's objectives are sufficiently flexible to overlap and create an opportunity for both parties to agree to a deal.
A. border line zone
B. strike zone ✓
C. compromise zone
D. limit zone

5. "Goodwill" on the part of a negotiation team means _____

- A. offering a concession and expecting nothing in return
- B. accepting concessions from the other party without giving any
- C. an equal exchange of concessions between two parties
- D. making a counter proposal as unreasonable as possible

6. In preparing for negotiations, information given to the other party in the negotiation should clearly express _____

- A. signals as to whether a proposal is acceptable or not
- B. the sanctions that will apply if negotiation fails
- C. the limit for compromise beyond which negotiation will stop
- D. the objectives and reason for the negotiation

P security in HQ 4:22 *serlye* **March 2011 MODEL EXAMINATION**

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Managing the Travel Business Model Exam 2

7. When a precedent is created in a negotiation it usually _____

- A. creates a win-win situation
- B. becomes the starting point of future negotiations
- C. creates a condition known as circular concessions
- D. all of the above

8. The purpose of disclosing information to the opposing party is to

- A. efficiently identify the requirements for a deal and save time
- B. gain power over the other party in the negotiation process
- C. express how important it is to close a deal with that party
- D. create confusion and ambiguity for the other party

9. Which step in the negotiation process is the longest?

- A. Discussion
- B. Bargain
- C. Preparation
- D. Proposal

10. A counter proposal must include _____

- A. new conditions as solutions to the original proposal
- B. less value than the original proposal received
- C. a concession that costs more to resolve the deal
- D. greater concessions than the original proposal

11. What leads to a win-win situation in negotiation?
- A. Limiting the number of variables for negotiation
 - B. Increasing the number of variables for negotiation
 - C. Refusing to change the variables for negotiation
 - D. Using power and influence in the negotiation
12. The best strategy for negotiation should be _____.
- A. simple
 - B. complex
 - C. inflexible
 - D. confrontational
13. Which is a concession that an airline may offer to close a deal with a corporate travel agency to become the agency's preferred supplier in transporting its largest corporate customer groups?
- A. Reduced travel agency commissions paid for business travel bookings
 - B. Waitlisting of the agency's corporate customers on full flights
 - C. Free upgrading to first class service for the agency's executive customers
 - D. Entry to airport lounges for corporate travelers paying full or normal fares
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Managing the Travel Business Model Exam 3

14. Suggestions from one or the other party as to how the distance between each of their best case scenarios can be bridged are called _____.
- A. proposals
 - B. discussions
 - C. signals
 - D. written counteroffers
15. What increases the negotiator's confidence in face-to-face negotiations?
- A. Knowing enough information and facts
 - B. Having no specific role to play ✗
 - C. Negotiating without a team ✗
 - D. Knowing the opponent ✗
16. What is the purpose of an RFI?
- A. To request clarification or more information on RFQs received
 - B. To qualify potential suppliers and vendors for a project or need
 - C. To generate a financial report on a completed project
 - D. To exclude select suppliers and vendors on a project

17. Which of the following statements about writing an RFP is correct?

A. Use a standard RFP template applicable to any industry ~~x~~ *done*

B. identify the complete list of all needs in the document

C. Ask RFP recipients to respond by interview or telephone *correct*

D. Forward the RFP to as many suitable suppliers as possible ~~x~~ *not*

18. Name the correct order in the steps to be taken to determine the supplier of a large and complex

project for your company

A. RFI, RFQ, RFP, choose supplier

B. RFI, RFP, choose supplier

C. RFP, RFQ, choose supplier

D. RFQ, choose supplier, RFI

19. In planning a tour itinerary, what does the planned tour departure day depend on?

A. The tour length and cost

B. Available transportation

C. Supplementary weekend charges

D. Convenience for the participants

20. Which is the best practice when scheduling tour activities?

A. Balance the schedule of tour activities with relaxing periods

B. Plan as few activities as possible in a tour ~~x~~

C. Activities must be scheduled for every day of the tour ~~x~~

D. The tour features and activities should exhaust the participants ~~x~~

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Managing the Travel Business Model Exam 4

21. Which of the following planning tools helps to establish a date-by-date activity plan?

A. Gantt chart

B. Smart goal

C. Marketing plan

D. Rooming list

22. The main objective of special-interest tours is to _____

A. provide a vacation product at a low price

B. mass-market organized tours to the general public

C. offer short stays in multiple destinations ~~x~~

D. attract travelers with a common interest

23. Generally, an Eco-tourist or nature traveler tends to be _____.
- A. a researcher between 18 and 70 years old who is climate conscious.
 - B. physically fit, interested in traditional costumes and local cuisine
 - C. wealthier and expects high quality and rare travel experiences
 - D. mainly middle class and willing to pay for the best nature experience
24. Participants in eco-tours usually contribute to the destination by _____.
- A. spending money on air transportation, guide books, and park tours ✗
 - B. supporting conservation activities and local businesses
 - C. donating a percentage of profit to an environmental cause
 - D. introducing their traditions and culture to the destination's inhabitants
25. One of the characteristics of voluntourism is that _____.
- A. participants travel and engage in local projects to improve local conditions
 - B. participants purchase local products at a discounted rate ✗
 - C. local inhabitants get to visit the traveler's country in return ✗
 - D. volunteers are trained to work as local tourist guides ✗
26. Which of the following is a typical example of eco-tourism?
- A. Visiting the Great Wall of China ✗
 - B. Seeing the city of Venice, Italy, in a gondola ✗
 - C. Visiting the Louvre Museum in Paris ✗
 - D. Whale watching of the coast of South Africa
-
27. Which is FALSE about the special-interest travel market?
- A. Special-interest tours are packaged and marketed for the general public ✗
 - B. Special-interest tours are growing more rapidly than other types of tours ✓
 - C. Special-interest travelers generally have higher income and education ✓
 - D. Most special-interest tour travel is concentrated in one region or destination

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Managing the Travel Business Model Exam 5

28. Why are senior travelers a good target market to attract to special-interest tours?
- A. Because seniors generally travel without a partner
 - B. Because seniors generally travel with little baggage
 - C. Because seniors generally are attracted by tour discounts
 - D. Because seniors generally have more time to travel

29. Approaches used by tour planners to assess the level of consumers' interest for a given special interest tour generally include _____.

- A. trial and error experimentation
- B. tour participant surveys
- C. the analysis of competitors' successful products
- D. all the above

30. Which concession from an airline does not change the cost of the air transportation component for the tour planner?

- A. Commissions and overrides on each seat sold
- B. The ratio of free confirmed seats for paid seats
- C. The percentage discounts on group bookings
- D. The services of a group reservations department

31. The "terms and conditions" section of a tour brochure usually includes information on _____.

- A. payment conditions cancellation fees
- B. travel agents liabilities
- C. travel agents commission fees
- D. all of the above

32. Under which section of the "Terms and Conditions" agreement does the tour operator carefully attempt to limit their liability and responsibility for any action/omission of their suppliers and independent contractors?

- A. Not Included
- B. Documents
- C. Responsibility
- D. Reservations

33. When a tour price offers a discount for children, the children's age is defined in which section of the terms and conditions section of a tour brochure?

- A. Cancellation
- B. Exclusions
- C. Reservations and payment
- D. Changes and deviation fees

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Managing the Travel Business Model Exam 6

34. Which approach motivates early sales of tour products?
- A. A tour price discount
 - B. A late reservation charge
 - C. A published deadline for tour reservation
 - D. A tour cancellation fee
35. Tour customers who are mistreated or injured on a tour can seek compensation from the tour company with legal help, even if the tour operator provides the customers with terms and conditions that exclude the operator from any liability or responsibility.
- A. True
 - B. False
36. A successful proposal for MICE business is based on _____.
- A. building a close relationship with the decision maker
 - B. sharing a competitor's proposal with the customer
 - C. the travel professional's past MICE proposals
 - D. the customer's conditions of satisfaction
37. Which agreement element is essential between travel professionals and their customers for the planning and coordination of a MICE event?
- A. Names of preferred suppliers providing products and services for the event
 - B. Completion dates for each service to be provided by the travel professional
 - C. A description of the meeting workflow system for the coordination of event planning
 - D. Personal history of the travel agent's degree of competency and MICE experience
38. The four components of a workflow model are request, offers and proposals, _____ and customer satisfaction.
- A. acting as intermediary
 - B. requests for information
 - C. invoicing and saying thank you
 - D. agreements and service delivery

39. What is a risk in a client's request for "a charming hotel in London" to hold a conference?

- A. The word "charming" may have a different meaning for both parties
- B. "Charming" hotels generally cannot accommodate a conference
- C. "Charming" hotels generally do not negotiate their room rates for groups
- D. "Charming" hotels may not exist in London

40. An annual gathering of an association's board of directors to discuss the year's financial statement

is categorized as a(n) _____ event.

- A. incentive †
- B. exhibition †
- C. meeting †
- D. conference

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Managing the Travel Business Model Exam 7

41. The technical term used to indicate a reservation for the same number of hotel rooms every day for

the entire duration of a group's trip is called _____.

- A. paralleling
- B. flat lining
- C. hedging
- D. flat boarding

42. A "working lunch" for meeting participants is served in _____.

- A. an off-site or external location
- B. an adjacent room to the meeting room
- C. the meeting room itself
- D. each participant's hotel room

43. A meeting planner communicates the details for a planned event to the customer on a _____.

- A. poster session
- B. function sheet
- C. quarterly report
- D. service contract

Quarterly report
Conference
BUT in

44. The person appointed to speak to an audience at the start of an incentive event gathering and to introduce the atmosphere and the purpose of the event is typically called a _____.

- A. VIP
- B. keynote speaker
- C. stage speaker
- D. podium speaker

45. The site search and selection services provided by a travel professional are valuable to a customer because they save _____.

- A. time
- B. money
- C. energy
- D. work

46. Incentive travel requires special knowledge for the travel professional. This knowledge is usually gained through _____.

- A. reading
- B. experience
- C. education
- D. apprenticeship

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Managing the Travel Business Model Exam 8

47. _____ refers to the ability for participants to personally pay for a portion of the travel award if they have not qualified for the award by achieving performance targets.

- A. Buy-in
- B. Plateau
- C. Tiered purchase
- D. Add-on

48. Which of the following programs is an example of credit points awarded for the purchase of products?
- A. VIP program
 - B. Mileage program
 - C. Amenity program
 - D. Plateau program
49. Which best describes the greatest concern of incentive tour planners?
- A. Determining the quality of a supplier's service
 - B. The quality of services is subjective and is left to the participants' judgment
 - C. Location is more important than setting the quality of services
 - D. The focus is on entertainment costs rather than the quality of facilities
50. For most incentive programs and trips, the money spent by the corporation per person is _____ what the individual would have spent on their own.
- A. higher than
 - B. less than
 - C. equal to
 - D. insignificant to

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Managing the Travel Business Model Exam 9

GENERAL KNOWLEDGE

51. The four main functions of a manager's role are _____.
- A. selling, marketing, HR and leading
 - B. planning, organizing, controlling and leading
 - C. leading, closing the sale, hiring and firing
 - D. meetings, meetings, meetings and meetings
52. Which of the following is true about the SMART technique?
- A. SMART helps the team leader communicate his/her objectives to the team
 - B. SMART involves staff members in the process of decision-making
 - C. SMART monitors the time spent by staff members at all times
 - D. SMART helps the supervisor complete projects when resources are lacking

53. By setting clear objectives as well as giving feedback to improve the job performance of his/her staff, a supervisor aims to _____.

- A. manage staff performance
- B. develop behavior perspective
- C. become an equal member of the team
- D. expect the staff to perform without direction ✗

54. What is the cause for failure to reach objectives?

- A. External factors such as competition
- B. The lack of skills on the part of staff
- C. Poor planning of objectives
- D. All of the above

55. Which is an example of a reflective question?

- A. "Can you explain what the customer wants?"
- B. "Will you deliver the information this afternoon?"
- C. "You mentioned that the error was repeated?"
- D. "Would you recommend I call the customer back?"

56. Aggressive communicators are often more effective than assertive communicators.

- A. True
- B. False

57. The BeCA Model is a set of guidelines on _____.

- A. writing employee performance appraisals
- B. giving feedback to improve job performance
- C. interviewing practices when hiring new staff
- D. pairing team members with coaches ✗

58. When giving feedback to members of the staff, the supervisor should _____.

- A. never give feedback face to face ✗
- B. focus feedback on the effects of behavior
- C. give the feedback before the person seems ready to accept it ✗
- D. cover all the issues at hand

operating budgets are - cash received from customers
 - cash paid to suppliers and employees
 - interest paid
 - income taxes paid.

cash flow → is a statement of an entity's sources for and applications of cash funds of an entity for a given period of time

1. provides information that enables users to evaluate changes in net asset of enterprise.
 2. It assesses ability of enterprise to generate cash and cash equivalents of results of operation & diff enterprises.

4. used as an indicator of the accuracy of past assessment of future cash flow
5. useful in checking in relationship between profitability and the cash flow
- 6.

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Managing the Travel Business Model Exam 10

59. Negative feedback alone tends to _____.
- A. build self-confidence
 - B. widen a performance gap
 - C. close a performance gap
 - D. correct errors quickly
60. What is morale?
- A. A form of official written communication
 - B. The process of setting employee goals
 - C. A method to assess employee performance
 - D. The level of employee work attitude
61. Employees who regularly cannot meet assigned objectives and targets may become _____.
- A. more motivated
 - B. de-motivated
 - C. committed
 - D. stressed
62. To improve team performance, a team leader should _____.
- A. learn what motivates each team member
 - B. hold weekly team meetings
 - C. set higher sales targets
 - D. reduce the service standards
63. What does 'reporting period' mean for travel agency accounting and administration departments?
- A. A time period requirement for submitting sales report forms to suppliers
 - B. An agency's net profit and loss statement over a set period of time
 - C. Budgeted agency expenses and revenues planned for a given period of time
 - D. The credit term offered to the agency's most important corporate customers
64. The IATA Billing and Settlement Plan (BSP) _____.
- A. is a GDS system that facilitates filing of invoices for travel agents and airlines
 - B. is a system used by travel agents and airlines that simplifies selling, reporting and remitting procedures

- 3. ledgers
- 1. sales ledger
- 2. purchase ledger
- 3. creditors ledger

64. summarizes all transactions after a travel agent has submitted a sales report for each airline that they did business with
 D. requires increases in staff to manage the different reports that the system creates

65. Upon analyzing your cash flow statement you realize that you will be short next month. The best option is to _____
 A. close the company immediately
 B. arrange for a loan from the bank
 C. reduce budgeted salaries
 D. ignore it, it will solve itself

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Managing the Travel Business Model Exam 11

66. What statement can be made from the following table about the travel agency?

Net Operating Margin			
2010	2009	2008	
25%	23%	18%	

- A. Wages have increased from 18% to 25% over the last 3 years
- B. The agency's net income has increased over the last 3 years
- C. Sales have increased from 18% to 25% over the last 3 years
- D. The average net operating income over the 3 year period is 23%

Refer to the following quarterly data table to answer questions 67 and 68

	2010	2009	2008	2007
Sales	\$2,500,000	\$3,000,000	\$2,750,000	\$3,000,000
Gross Profit	\$500,000	\$600,000	\$550,000	\$600,000
Expenses	\$300,000	\$400,000	\$300,000	\$300,000
Cash Flow	\$200,000	\$200,000	\$250,000	\$300,000

67. The gross profit margin for the travel agency is _____

- A. 12%
- B. 20%
- C. 8%
- D. 15%

$$\frac{\text{Profit}}{\text{Sales}} \times 100 = \frac{\text{Sales}}{\text{Profit}} \times 100$$

$$ROI = \frac{\text{gain from investment} - \text{cost of investment}}{\text{cost of investment}} \times 100$$

$$\text{Gross profit} = \frac{11,250,000}{2,250,000} \times 100$$

March advertising
 What is keyraking?

sole proprietorship accounts
partnership accounts
Non profit making accounts
Manufacturing accounts
financial statement analysis
company accounts
incomplete accounts

public sector accounts

68. The company had the highest net profit margin at the end of which year?

- A. 2009
- B. 2010
- C. 2007
- D. 2008

69. Which financial book represents planned revenues and expenses and is used to measure actual financial performance, so that a large enough gap in financial performance can be identified early enough to take necessary action to reverse it?

- A. Journal ~~x~~
- B. Cash Flow Statement ~~x~~
- C. Balance Sheet
- D. Operating Budget

70. A commercial client account should be constantly monitored to ensure

- A. good bank credit ratings and financial standing
- B. that the agency's database has the correct client address
- C. that the accounting department issues timely invoices
- D. that payments are made according to the agreed terms

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Managing the Travel Business Model Exam 12

71. Which of the following correctly describes ledger accounts?

- A. The ledger is a summary of agency income and expenses and can be used to obtain a quick overview of the agency's financial status
- B. Entries in the ledger accounts are regularly transferred to the cash-book and the journal
- C. The ledger contains personal accounts for debtors, creditors and for revenue and expenditure items
- D. The posting of the summarized account totals to the ledger should be done by a certified travel agent

✓

Financial statements

* statement of comprehensive income known as income statement and statement of financial position known as balance sheet

72. The information found in a cash flow statement is extracted from which combination of the following sources?

- A. The journal and bank statement
- B. The cashbook and petty cash book
- C. The journal, cashbook, ledger and petty cash book
- D. The cashbook

73. Which of the following is a liability on the balance sheet?

- A. Creditors
- B. An owned company car
- C. Owner's equity
- D. The float

74. Which of the following statements is false?

- A. A budget is an account of the past year's financial status
- B. Past financial data is used to prepare the budget for the coming year
- C. A budget lists the expected revenues and expenditures for a given period
- D. Actual performance is measured against the budget to ensure profitability

75. You should avoid borrowing money to finance a commercial account because it can _____.

- A. negate the profit originally made on the sale
- B. impair your ability to negotiate better terms later on
- C. start a downward financial cycle, possibly leading to bankruptcy
- D. reduce the service charge

76. Which policy helps to avoid cash flow problems?

- A. A pay within 7 days of reservation policy
- B. A pay within 30 days of reservation policy
- C. An advance reservations discount policy
- D. A no-credit pay at time of reservation policy

77. Marketing begins with what task before proceeding to development, distribution and pricing of a product?

- A. Research
- B. Planning
- C. Designing
- D. Creating

Marketing

- Research -
- Development -
- Distribution -
- Pricing -

DC

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Managing the Travel Business Model Exam 13

78. "A set of processes designed to create, communicate and deliver value to customers and manage customer relationships in ways that benefit the organization and its stakeholders" is a definition for which of the following?

- A. Management
- B. Marketing
- C. Accounting
- D. Macro-economics

79. The marketing activities commonly known as the "Four P's" include

- A. performance and positioning
- B. production and purchase
- C. price and product
- D. principle and perspective

80. In the early 1800's, when there were few suppliers of goods and services and demand largely kept

pace with supply, firms were _____.

- A. supply-oriented
- B. trend-oriented
- C. customer-oriented
- D. production-oriented

4 P's
- Product
- Price
-
-

81. Research that analyses customers' complaints in order to improve weaknesses in customer service

is called a _____.

- A. customer service research
- B. qualitative research
- C. SWOT analysis
- D. quantitative research

82. Which of the following statements about Unique Selling Propositions (USPs) is false?

- A. The USP contains an advantage that is meaningful to the targeted customer ✓
- B. The USP helps the agency fulfill the customers' needs better than anyone else ✓
- C. The USP is meant to reduce competition mainly through partnerships with competitors ✓
- D. The USP is meant to reduce competition through differentiation

126. Which of the following

market research is a data collecting method?

MGT done.

target -
goal -
objective -

83. A highly structured statistical analysis of a large market is called _____.
- A. qualitative research
 - B. macro analysis
 - C. market analysis
 - D. quantitative research
84. Which one of the following words is used in the acronym SWOT?
- A. Weakness
 - B. Single
 - C. Target
 - D. Objectives
85. Members of a target group that have been gathered by a supplier to assess their opinions and attitudes towards a product are called a _____.
- A. test group
 - B. reflection group
 - C. focus group
 - D. target group

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Managing the Travel Business Model Exam 14

86. To reduce overhead expenses by 10% by the end of the calendar year is an example of _____.
- A. a goal
 - B. an objective
 - C. a target
 - D. a strategy
87. Which of the following statement(s) best characterizes advertising?
- A. It is generally inexpensive ✗
 - B. It is a paid mass communication activity
 - C. It is more credible than all other elements of the promotional mix
 - D. Its visibility is low compared to other promotional tools ✗
88. Which of the following promotional tools is the most effective to close a sale and to tailor the promotional message to specific needs of customers?
- A. Advertising flyers ✗
 - B. Merchandising ✓
 - C. Personal selling ✗
 - D. Direct marketing ✓

89. By selling airline and hotel products, a travel agent acts as a travel

- A. opponent
- B. intermediary
- C. supplier
- D. distributor

90. When the price of a product is reduced, the demand for the product increases.

- A. True
- B. False

91. Direct marketing activities generally include _____ activities.

- A. telephone sales
- B. public relations ✗
- C. advertising ✗
- D. personal selling ✓

92. The process of making available, or delivering a travel product or service to the target market, is called _____.

- A. availability
- B. service
- C. distribution
- D. conveyance

93. Travel agents can prosper in the face of modern technology and the industry's B-to-C selling approach by _____.

- A. exceeding customer expectations
- B. selling the lowest price products ✗
- C. establishing large store front agencies
- D. maintaining traditional sales processes ✗

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Managing the Travel Business Model Exam 15

94. The Internet and the proliferation of computers have created _____.

- A. communication clutter and misunderstandings at different levels ✓
- B. massive competition that cannot be managed by travel agents ✗
- C. significant misunderstandings between travel agents and suppliers ✗
- D. none of the above

95. The plastic card that allows a person to check in at airports, board a train or obtain cash from an automated teller machine is called _____.
- A. an electronic billing card
 - B. an ETA card
 - C. a smart card
 - D. a Visa card
96. The abbreviation "URL", stands for _____.
- A. Unique Resource Locator
 - B. Uniform Resource Locator
 - C. Universal Resource Locator
 - D. none of the above
97. Which of the following combinations is least likely to increase traffic on a travel agency's website?
- A. E-mail marketing and display advertising on other websites
 - B. Search engine marketing and search engine optimization
 - C. Direct mailings print and billboard advertising
 - D. Active participation in newsgroups and e-mail marketing
98. Information on flight, car or hotel reservation can be imported into a customers' letter of confirmation via a _____.
- A. back office system
 - B. general resource system *GRS*
 - C. GDS system *GDS*
 - D. general ledger
99. An example of productivity functions offered by a GDS is to queue management software.
- A. True
 - B. False
100. Performing general ledger functions are activities of _____.
- A. outside travel consultants
 - B. reservation agents
 - C. commissioned travel agents
 - D. the back office

END OF EXAM QUESTIONS: Feedback from Ezekiel G Ngogoyo ATC Lecturer No
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