

GMAT AWA PRACTICE PAPER

Question: 1

The following appeared in a memorandum sent by a vice-president of the Nadir Company to the company's human resources department:

"Nadir does not need to adopt the costly 'family-friendly' programs that have been proposed, such as part-time work, work at home, and jobsharing. When these programs were made available at the Summit Company, the leader in its industry, only a small percentage of employees participated in them. Rather than adversely affecting our profitability by offering these programs, we should concentrate on offering extensive training that will enable employees to increase their productivity."

Discuss how well reasoned . . . etc.

Question: 2

The following appeared as part of an article in a trade magazine for breweries:

"Magic Hat Brewery recently released the results of a survey of visitors to its tasting room last year. Magic Hat reports that the majority of visitors asked to taste its low-calorie beers. To boost sales, other small breweries should brew low-calorie beers as well."

Discuss how well reasoned . . . etc.

Question:3

The following appeared in an editorial from a newspaper serving the town of Saluda:

"The Saluda Consolidated High School offers more than 200 different courses from which its students can choose. A much smaller private school down the street offers a basic curriculum of only 80 different courses, but it consistently sends a higher proportion of its graduating seniors on to college than Consolidated does. By eliminating at least half of the courses offered there and focusing on a basic curriculum, we could improve student performance at Consolidated and also save many tax dollars."

Discuss how well reasoned . . . etc.

Question: 4

The following appeared as an editorial in a magazine concerned with educational issues:

"In our country, the real earnings of men who have only a high-school degree have decreased significantly over the past 15 years, but those of male college graduates have remained about the same. Therefore, the key to improving the earnings of the next generation of workers is to send all students to college. Our country's most important educational goal, then, should be to establish enough colleges and universities to accommodate all high school graduates."

Discuss how well reasoned . . . etc.

Question: 5

The following appeared as part of an article in the book section of a newspaper:

"Currently more and more books are becoming available in electronic form—either free-of-charge on the Internet or for a very low price-per-book on compact disc.* Thus literary classics are likely to be read more widely than ever before. People who couldn't have purchased these works at bookstore prices will now be able to read them for little or no money; similarly, people who find it inconvenient to visit libraries and wait for books to be returned by other patrons will now have access to whatever classic they choose from their home or work computers. This increase in access to literary classics will radically affect the public taste in reading, creating a far more sophisticated and learned reading audience than has ever existed before."

*A compact disc is a small portable disc capable of storing relatively large amounts of data that can be read by a computer.

Discuss how well reasoned . . . etc.

Question: 6

The following appeared as part of a business plan created by the management of the Take Heart Fitness Center:

"After opening the new swimming pool early last summer, Take Heart saw a 12 percent increase in the use of the center by its members. Therefore, in order to increase membership in Take Heart, we should continue to add new recreational facilities in subsequent years: for example, a multipurpose game room, a tennis court, and a miniature golf course. Being the only center in the area offering this range of activities would give us a competitive advantage in the health and recreation market."

Discuss how well reasoned . . . etc.

Question: 7

The following appeared in a letter from a staff member in the office of admissions at Argent University:

"The most recent nationwide surveys show that undergraduates choose their major field primarily based on their perception of job prospects in that field. At our university, economics is now the most popular major, so students must perceive this field as having the best job prospects. Therefore, we can increase our enrollment if we focus our advertising and recruiting on publicizing the accomplishments of our best-known economics professors and the success of our economics graduates in finding employment."

Discuss how well reasoned . . . etc.

Question: 8

The following appeared as part of a memorandum from the loan department of the Frostbite National Bank:

"We should not approve the business loan application of the local group that wants to open a franchise outlet for the Kool Kone chain of ice cream parlors. Frostbite is known for its cold winters, and cold weather can mean slow ice cream sales. For example, even though Frostbite is a town of 10,000 people, it has only one ice cream spot—the Frigid Cow. Despite the lack of competition, the Frigid Cow's net revenues fell by 10 percent last winter."

Discuss how well reasoned . . . etc.

Question: 9

The following appeared as part of a letter to the editor of a local newspaper:

"Bayview High School is considering whether to require all of its students to wear uniforms while at school. Students attending Acorn Valley Academy, a private school in town, earn higher grades on average and are more likely to go on to college. Moreover, Acorn Valley reports few instances of tardiness, absenteeism, or discipline problems. Since Acorn Valley requires its students to wear uniforms, Bayview High School would do well to follow suit and require its students to wear uniforms as well."

Discuss how well reasoned . . . etc.

Question: 10

The following appeared in a memo to the Saluda town council from the town's business manager:

"Research indicates that those who exercise regularly are hospitalized less than half as often as those who don't exercise. By providing a well-equipped gym for Saluda's municipal employees, we should be able to reduce the cost of our group health insurance coverage by approximately 50 percent and thereby achieve a balanced town budget."

Discuss how well reasoned . . . etc.

Question: 11

The following appeared in a memorandum written by the assistant manager of a store that sells gourmet food items from various countries:

"A local wine store made an interesting discovery last month: it sold more French than Italian wine on days when it played recordings of French accordion music, but it sold more Italian than French wine on days when Italian songs were played. Therefore, I recommend that we put food specialties from one particular country on sale for a week at a time and play only music from that country while the sale is going on. By this means we will increase our profits in the same way that the wine store did, and we will be able to predict more precisely what items we should stock at any given time."

Discuss how well reasoned . . . etc.

Question: 12

The following appeared in a memorandum to a team developing accounting software for SmartPro Software, Inc.:

"Currently, more professional accountants use SmartPro accounting software than any other brand. However, in the market for personal accounting software for non-professionals to use in preparing their income tax returns, many of our competitors are outselling us. In surveys, our professional customers repeatedly say that they have chosen SmartPro Software because our most sophisticated software products include more advanced special features than competing brands. Therefore, the most effective way for us to increase sales of our personal accounting software for home users would clearly be to add the advanced special features that our professional software products currently offer."

Discuss how well reasoned . . . etc.

Question: 13

The following appeared in a memorandum from the assistant manager of Pageturner Books:

"Over the past two years, Pageturner's profits have decreased by 5 percent, even though we have added a popular café as well as a music section selling CDs and tapes. At the same time, we have experienced an increase in the theft of merchandise. We should therefore follow the example of Thoreau Books, which increased its profits after putting copies of its most frequently stolen books on a high shelf behind the payment counter. By doing likewise with copies of the titles that our staff reported stolen last year, we too can increase profitability."

Discuss how well reasoned . . . etc.

Question: 14

The following appeared in a memorandum from the director of research and development at Ready-to-Ware, a software engineering firm:

"The package of benefits and incentives that Ready-to-Ware offers to professional staff is too costly. Our quarterly profits have declined since the package was introduced two years ago, at the time of our incorporation. Moreover, the package had little positive effect, as we have had only marginal success in recruiting and training high-quality professional staff. To become more profitable again, Ready-to-Ware should, therefore, offer the reduced benefits package that was in place two years ago and use the savings to fund our current research and development initiatives."

Discuss how well reasoned . . . etc.

Question: 15

The following appeared as a memorandum from the vice-president of the Dolci candy company:

"Given the success of our premium and most expensive line of chocolate candies in a recent taste test and the consequent increase in sales, we should shift our business focus to producing additional lines of premium candy rather than our lower-priced, ordinary candies. When the current economic boom ends and consumers can no longer buy major luxury items, such as cars, they will still want to indulge in small luxuries, such as expensive candies."

Discuss how well reasoned . . . etc.

Question: 16

The following appeared in a memorandum from the business office of the Lovin' Cupful, a national restaurant chain:

"The Lovin' Cupful franchises in our northeast region have begun serving customers Almost, a brand new powdered instant tea, in place of brewed tea. Waiters report that only about 2 percent of the customers have complained, and that customers who want refills typically ask for 'more tea.' It appears, then, that 98 percent of the customers are perfectly happy with the switch, or else they cannot tell powdered instant from brewed tea. Therefore, in order to take advantage of the lower price per pound of Almost, all of our restaurants should begin substituting it for brewed tea."

Discuss how well reasoned . . . etc.

Question: 17

The following appeared as part of an editorial in the Waymarsh city newspaper:

"Last year the parents of first graders in our school district expressed satisfaction with the reading skills their children developed but complained strongly about their children's math skills. To remedy this serious problem and improve our district's elementary education, everyone in the teacher-training program at Waymarsh University should be required to take more courses in mathematics."

Discuss how well reasoned . . . etc.

Question: 18

The following appeared in a memorandum from the director of marketing for a pharmaceutical company:

"According to a survey of 5,000 urban residents, the prevalence of stress headaches increases with educational level, so that stress headaches occur most often among people with graduate-school degrees. It is well established that, nationally, higher educational levels usually correspond with higher levels of income. Therefore, in marketing our new pain remedy, Omnilixir, we should send free samples primarily to graduate students and to people with graduate degrees, and we should concentrate on advertising in professional journals rather than in general interest magazines."

Discuss how well reasoned . . . etc.

Question: 19

The following appeared in a letter to the editor of a local newspaper:

"Our city council's neglect of the impoverished Railroad Flats neighborhood has left businesses with little incentive to locate there. Building a new professional football stadium in the neighborhood would solve this problem. Thousands of football fans would travel to the area to see games, and they would buy from local merchants, encouraging new businesses to open. So our city council should move quickly to fund the construction of a professional football stadium in Railroad Flats in order to help the neighborhood develop a thriving economy."

Discuss how well reasoned . . . etc.

Question: 20

The following appeared in a letter to the editor of a River City newspaper:

"The Clio Development Group should not be permitted to build a multilevel parking garage on Dock Street since most of the buildings on the block would have to be demolished. Because these buildings were erected decades ago, they have historic significance and must therefore be preserved as economic assets in the effort to revitalize a restored riverfront area. Recall how Lakesburg has benefited from business increases in its historic downtown center. Moreover, there is plenty of vacant land for a parking lot elsewhere in River City."

Discuss how well reasoned . . . etc.

Question: 21

The following appeared in a corporate planning memorandum for a company that develops amusement parks:

"Because travel from our country to foreign countries has increased dramatically in recent years, our next project should be a 'World Tour' theme park with replicas of famous foreign buildings, rides that have international themes, and refreshment stands serving only foods from the country represented by the nearest ride. The best location would be near our capital city, which has large percentages of international residents and of children under the age of 16. Given the advantages of this site and the growing interest in foreign countries, the 'World Tour' theme park should be as successful as our space-travel theme park, where attendance has increased tenfold over the past decade."

Discuss how well reasoned . . . etc.

Question: 22

The following appeared in a memorandum from the publisher to the staff of *The Clarion*, a large metropolitan newspaper:

"During the recent campaign for mayor, a clear majority of city readers who responded to our survey indicated a desire for more news about city government. To increase circulation, and thus our profits, we should therefore consistently devote a greater proportion of space in all editions of *The Clarion* to coverage of local news."

Discuss how well reasoned . . . etc.

Question: 23

The following appeared in a letter to the editor of a River City newspaper:

"The Clio Development Group's plan for a multilevel parking garage on Dock Street should be approved in order to strengthen the economy of the surrounding area. Although most of the buildings on the block would have to be demolished, they are among the oldest in the city and thus of little current economic value. Those who oppose the project should realize that historic preservation cannot be the only consideration: even Athens or Jerusalem will knock down old buildings to put up new ones that improve the local economy."

Discuss how well reasoned . . . etc.

Question: 24

The following appeared in a memorandum from the owner of Carlo's Clothing to the staff:

"Since Disc Depot, the music store on the next block, began a new radio advertising campaign last year, its business has grown dramatically, as evidenced by the large increase in foot traffic into the store. While the Disc Depot's owners have apparently become wealthy enough to retire, profits at Carlo's Clothing have remained stagnant for the past three years. In order to boost our sales and profits, we should therefore switch from newspaper advertising to frequent radio advertisements like those for Disc Depot."

Discuss how well reasoned . . . etc.

Question: 25

The following appeared as part of the business plan of the Capital Idea investment firm:

"Across town in the Park Hill district, the Thespian Theater, Pizzazz Pizza, and the Niblick Golf Club have all had business increases over the past two years. Capital Idea should therefore invest in the Roxy Playhouse, the Slice-o'- Pizza, and the Divot Golf Club, three new businesses in the Irongate district. As a condition, we should require them to participate in a special program: Any customer who patronizes two of the businesses will receive a substantial discount at the third. By motivating customers to patronize all three, we will thus contribute to the profitability of each and maximize our return."

Discuss how well reasoned . . . etc.

Question: 26

The following appeared as part of an article in a newsletter for farmers:

"Users of Solacium, a medicinal herb now grown mainly in Asia, report that it relieves tension and promotes deep sleep. A recent study indicates that a large number of college students who took pills containing one of the ingredients in Solacium suffered less anxiety. To satisfy the anticipated demands for this very promising therapeutic herb and to reap the financial benefits, farmers in this country should begin growing it."

Discuss how well reasoned . . . etc.

Question: 27

The following appeared in a memorandum from the president of Aurora, a company that sells organic milk (milk produced without the use of chemical additives):

"Sales of organic food products in this country have tripled over the past five years. If Aurora is to profit from this continuing trend, we must diversify and start selling products such as organic orange juice and organic eggs in addition to our regular product line. With the recent increase of articles in health magazines questioning the safety of milk and other food products, customers are even more likely to buy our line of organic products. And to help ensure our successful expansion, we should hire the founder of a chain of health-food stores to serve as our vice president of marketing."

Discuss how well reasoned . . . etc.

Question: 28

The following appeared in a memorandum from the marketing department of a children's clothing manufacturer:

"Our HuggyBunny brand is the bestselling brand of children's clothing. Parents everywhere recognize the HuggyBunny logo as a mark of quality, and most of our customers show great brand loyalty. Sales reports have shown that parents are more likely to buy children's clothes with the familiar HuggyBunny brand and logo than otherwise identical clothes without it. Therefore, if we use the HuggyBunny brand name and logo for the new line of clothing for teenagers that our company will soon be introducing, that clothing will sell better than it would if we labeled it with a new brand name and logo."

Discuss how well reasoned . . . etc.

Question: 29

The following appeared in a memorandum from the human resources department of Diversified Manufacturing:

"Managers at our central office report that their employees tend to be most productive in the days immediately preceding a vacation. To help counteract our declining market share, we could increase the productivity of our professional staff members, who currently receive four weeks paid vacation a year, by limiting them to a maximum of one week's continuous vacation time. They will thus take more vacation breaks during a year and give us more days of maximum productivity."

Discuss how well reasoned . . . etc.

Question: 30

The following appeared in a memorandum from a regional supervisor of post office operations:

"During a two-week study of postal operations, the Presto City post office handled about twice as many items as the Lento City post office, even though the cities are about the same size. Moreover, customer satisfaction appears to be higher in Presto City, since the study found fewer complaints regarding the Presto City post office. Therefore, the postmasters at these two offices should exchange assignments: the Presto City postmaster will solve the problems of inefficiency and customer dissatisfaction at the Lento City office while the Lento City postmaster learns firsthand the superior methods of Presto City."

Discuss how well reasoned . . . etc.

Question: 31

The following appeared in a memorandum written by the managing director of the Exeunt Theater Company:

"Now that we have moved to a larger theater, we can expect to increase our revenues from ticket sales. To further increase profits, we should start producing the plays that have been most successful when they were performed in our nation's largest cities. In addition, we should hire the Adlib Theater Company's director of fund-raising, since corporate contributions to Adlib have increased significantly over the three years that she has worked for Adlib."

Discuss how well reasoned . . . etc.

Question: 32

The following appeared in a memorandum from the human resources department of HomeStyle, a house remodeling business:

"This year, despite HomeStyle's move to new office space, we have seen a decline in both company morale and productivity, and a corresponding increase in administrative costs. To rectify these problems, we should begin using a newly developed software package for performance appraisal and feedback. Managers will save time by simply choosing comments from a preexisting list; then the software will automatically generate feedback for the employee. The human resources department at CounterBalance, the manufacturer of the countertops we install, reports satisfaction with the package."

Discuss how well reasoned . . . etc.

Question: 33

The following appeared as part of an article in a weekly newsmagazine:

"The country of Oleum can best solve the problem of its balance of trade deficit by further increasing the tax on its major import, crude oil. After Oleum increased the tax on imported crude oil four months ago, consumption of gasoline declined by 20 percent. Therefore, by imposing a second and significantly higher tax increase next year, Oleum will dramatically decrease its balance of trade deficit."

Discuss how well reasoned . . . etc.

Question: 34

The following appeared as part of a business plan by the Capital Idea investment firm:

"In recent years the worldwide demand for fish has grown, and improvements in fishing technology have made larger catches and thus increased supply possible: for example, last year's tuna catch was 9 percent greater than the previous year's. To capitalize on these trends, we should therefore invest in the new tartfish processing plant on Tartfish Island, where increasing revenues from tourism indicate a strong local economy."

Discuss how well reasoned . . . etc.

Question: 35

The following appeared in a speech by a stockholder of Consolidated Industries at the company's annual stockholders' meeting:

"In the computer hardware division last year, profits fell significantly below projections, the product line decreased from 20 to only 5 items, and expenditures for employee benefits increased by 15 percent. Nevertheless, Consolidated's board of directors has approved an annual salary of more than \$1 million for our company's chief executive officer. The present board members should be replaced because they are unconcerned about the increasing costs of employee benefits and salaries, in spite of the company's problems generating income."

Discuss how well reasoned . . . etc.

Question: 36

The following appeared in a memorandum from the business planning department of Avia Airlines:

"Of all the cities in their region, Beaumont and Fletcher are showing the fastest growth in the number of new businesses. Therefore, Avia should establish a commuter route between them as a means of countering recent losses on its main passenger routes. And to make the commuter route more profitable from the outset, Avia should offer a 1/3 discount on tickets purchased within two days of the flight. Unlike tickets bought earlier, discount tickets will be nonrefundable, and so gain from their sale will be greater."

Discuss how well reasoned . . . etc.

Question: 37

The following appeared in a memorandum from the vice president of Gigantis, a development company that builds and leases retail store facilities:

"Nationwide over the past five years, sales have increased significantly at outlet stores that deal exclusively in reduced-price merchandise. Therefore, we should publicize the new mall that we are building at Pleasantville as a central location for outlet shopping and rent store space only to outlet companies. By taking advantage of the success of outlet stores, this plan should help ensure full occupancy of the mall and enable us to recover quickly the costs of building the mall."

Discuss how well reasoned . . . etc.

Question: 38

The following appeared in a memorandum written by the chair of the music department to the president of Omega University:

"Mental health experts have observed that symptoms of mental illness are less pronounced in many patients after group music-therapy sessions, and job openings in the music-therapy field have increased during the past year. Consequently, graduates from our degree program for music therapists should have no trouble finding good positions. To help improve the financial status of Omega University, we should therefore expand our music-therapy degree program by increasing its enrollment targets."

Discuss how well reasoned . . . etc.

Question: 39

The following appeared in a memorandum to the work-group supervisors of the GBS Company:

"The CoffeeCart beverage and food service located in the lobby of our main office building is not earning enough in sales to cover its costs, and so the cart may discontinue operating at GBS. Given the low staff morale, as evidenced by the increase in the number of employees leaving the company, the loss of this service could present a problem, especially since the staff morale questionnaire showed widespread dissatisfaction with the snack machines. Therefore, supervisors should remind the employees in their group to patronize the cart—after all, it was leased for their convenience so that they would not have to walk over to the cafeteria on breaks."

Discuss how well reasoned . . . etc.

Question: 40

The following appeared in a research paper written for an introductory economics course:

"For the past century, an increase in the number of residential building permits issued per month in a particular region has been a reliable indicator of coming improvements to that region's economy. If the monthly number of residential building permits issued rises consistently for a few months, the local unemployment rate almost always falls and economic production increases. This well-established connection reveals an effective method by which a regional government can end a local economic downturn: relax regulations governing all construction so that many more building permits can be issued."

Discuss how well reasoned . . . etc.

Question: 41

The following appeared as part of an article in a trade magazine:

“During a recent trial period in which government inspections at selected meat-processing plants were more frequent, the amount of bacteria in samples of processed chicken decreased by 50 percent on average from the previous year’s level. If the government were to institute more frequent inspections, the incidence of stomach and intestinal infections throughout the country could thus be cut in half. In the meantime, consumers of Excel Meats should be safe from infection because Excel’s main processing plant has shown more improvement in eliminating bacterial contamination than any other plant cited in the government report.”

Discuss how well reasoned . . . etc.