

GMAT AWA Practice Test 11

Question 1

The following appeared as part of an annual report sent to stockholders by Olympic Foods, a processor of frozen foods:

“Over time, the costs of processing go down because as organizations learn how to do things better, they become more efficient. In color film processing, for example, the cost of a 3-by-5-inch print fell from 50 cents for five-day service in 1970 to 20 cents for a one-day service in 1984. The same principle applies to the processing of food. And since Olympic Foods will soon celebrate its 25th birthday, we can expect that our long experience will enable us to minimize costs and thus maximize profits.”

Question 2

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 3

“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 4

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 of 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 5

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 6

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 7

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 8

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 9

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 10

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 to serve 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.