

**AREC 315
Spring 2000**

**Quiz #1
(50 points)**

Read each question carefully. Answer each question completely and concisely. Use diagrams and graphs when they are asked for or when they help you in answering the question. Manage your time wisely.

- (20 points) 1. Several years ago, Peter Senge wrote a best-selling book, *The Fifth Discipline: The Art & Practice of the Learning Organization*. Major and not so major companies throughout the world set the goal to become a learning organization. Briefly answer the following questions.
- a. What is a learning organization?
 - b. What actions or attitudes promote an organization to be a learning organization?
 - c. What actions or attitudes act as barriers to creating a learning organization?
 - d. Graphically, use the concept “economics of speed” to illustrate the competitive advantage of a learning organization.

- (10 points) 2. Today you can buy a microcomputer with the processing power of a minicomputer in the early 1980s. Even in terms of real prices (adjusted for inflation), the price of computing power has fallen dramatically in the last two decades. Falling prices have stimulated increased demand as well. The computer industry has been on the innovation racetrack discussed in class. Using your supply and demand model, illustrate how prices could fall so low in 2001 with the increasing popularity of personal computers.

- (10 points) 3. Sundance Manufacturing produces chemicals for commercial landscaping operations in the West. Executives have noticed in recent months that customers have begun to complain about Sundance's sales staff. It seems that sales personnel are spending less time with the customers during their sales calls. Customers want to build a trusting relationship with Sundance but they find it nearly impossible with the stressed out sales staff. Sundance's executives do not want to lose these customers to the competition. Upon investigation of their incentive package, Sundance's executives have noticed that too much emphasis has been placed on finding new customers while there exist very few incentives for the sales staff to develop sustainable relationships with existing customers. Sundance wants to bring this tradeoff back into a more productive balance for the benefit of their company. Please use your understanding of the economic way of thinking to graphically illustrate this scenario.

(5 points) 4. One commentator recently defined economics as “the science of business.” Using your understanding of economics and management, please compare and contrast the similarities and differences between these two fields of study.

(5 points) 5. Compare and contrast the concepts of cost, value, and price along the business value chain.