

***Systems Analysis and Design, 10e (Kendall/Kendall)***  
**Chapter 3 Project Management**

3.1 Multiple Choice

1) Good managers realize that recognizing symptoms of problems is :

- A) sometimes important depending on the industry.
- B) usually important when dealing with accounting issues.
- C) going to help get them promoted.
- D) never the job for middle managers.
- E) imperative if the business is to keep functioning at its highest potential.

Answer: E

Diff: 2 Page Ref: 49

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

2) In an interview, which of the following is not a way to identify a major point for a problem definition from an interview?

- A) Users may communicate the same metaphors, such as saying the business is a journey, war, game, organism, machine, and so on.
- B) Users may be purposely brief when talking about the problem.
- C) Identifying an issue, topic, or theme that is repeated several times, sometimes by different people in several interviews.
- D) It may be the first thing mentioned by the user.
- E) Users may communicate importance by body language or may speak emphatically on an issue.

Answer: B

Diff: 2 Page Ref: 50-51

AACSB: Interpersonal relations and teamwork

Learning Objective: 3a-Understand how projects are initiated and selected.

3) Which of following is not a specific criteria for project selection?

- A) appropriate timing of project commitment
- B) practical in terms of resources for the analyst and organization
- C) backing from programmers
- D) worthwhile project compared with other ways the organization could invest resources
- E) possibility of improving attainment of organizational goals

Answer: C

Diff: 1 Page Ref: 53

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

4) Improvements to systems include all the following except:

- A) combining processes.
- B) streamlining a process through the elimination of unnecessary or duplicated steps.
- C) increasing redundant output.
- D) reducing errors in input through changes of forms and display screens.
- E) speeding up a process.

Answer: C

Diff: 1 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

5) Which of the following is not a corporate objective affected by improvements to an information system?

- A) improving cooperation with vendors and partners
- B) improving customer service
- C) improving the software development strategy of the organization
- D) improving internal decision support so that decisions are more effective

Answer: C

Diff: 2 Page Ref: 53-54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

6) Which of the following is not a way in which systems projects are considered to be feasible?

- A) operationally
- B) technically
- C) economically
- D) physically

Answer: D

Diff: 2 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

7) Which of the following is concerned with the current technical resources that can be upgraded or added to in order to fulfill the requests under consideration?

- A) economic feasibility
- B) operational feasibility
- C) tactical feasibility
- D) technical feasibility

Answer: D

Diff: 1 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

8) Which of the following is concerned with the analyst's time and the costs for system development, hardware, and business employee time?

- A) economic feasibility
- B) operational feasibility
- C) tactical feasibility
- D) technical feasibility

Answer: A

Diff: 2 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

9) Which of the following is dependent upon determining human resources for the project?

- A) economic feasibility
- B) operational feasibility
- C) tactical feasibility
- D) technical feasibility

Answer: B

Diff: 2 Page Ref: 55

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

10) Which of these is especially important in estimating project time?

- A) experience
- B) historical records
- C) industry standards
- D) mathematical programming

Answer: A

Diff: 2 Page Ref: 70

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

11) Which of these is not an advantage of a Gantt chart?

- A) communicating with users
- B) simplicity
- C) planning activities
- D) showing precedence

Answer: D

Diff: 2 Page Ref: 72-73

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

12) A Gantt chart contains:

- A) time on the vertical access.
- B) money on the vertical access.
- C) a description of the activities on the vertical access.
- D) precedence on the vertical access.

Answer: C

Diff: 1 Page Ref: 72

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

13) Which of these statements about PERT diagrams is not true?

- A) An arrow represents activities.
- B) A circle represents events.
- C) The length of the arrow indicates activity length.
- D) Pseudo activities must occasionally be shown.

Answer: C

Diff: 1 Page Ref: 73

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

14) A PERT diagram is useful when:

- A) activities can be done in parallel rather than sequence.
- B) there is no slack time available.
- C) the project team needs to know which activities should be done at which point in time.
- D) activities do not have any precedent activities.

Answer: A

Diff: 2 Page Ref: 73

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

15) The longest path through a PERT diagram is called:

- A) slack time.
- B) the precedent activity path.
- C) maximum path time.
- D) the critical path.

Answer: D

Diff: 1 Page Ref: 74

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

16) Which of the following is not an advantage of using a PERT diagram over a Gantt chart?

- A) easy identification of the order of precedence
- B) easy determination of slack time
- C) easy to show activities that occur at any given point in time
- D) easy identification of the critical path

Answer: C

Diff: 3 Page Ref: 74

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

17) Which of the following is not a desirable team member characteristic?

- A) a good work ethic
- B) a readiness to take on leadership based on expertise
- C) honesty
- D) position within the organization
- E) enthusiasm for the project

Answer: D

Diff: 1 Page Ref: 84

AACSB: Interpersonal relations and teamwork

Learning Objective: 3e-Build and manage a project team.

18) Tangible benefits are advantages measurable in \_\_\_\_\_ that accrue(s) to the organization through the use of the information system.

- A) dollars
- B) employee moral
- C) goodwill
- D) advertising

Answer: A

Diff: 3 Page Ref: 65

AACSB: Application of knowledge

Learning Objective: 3c-Forecast and analyze tangible and intangible costs and benefits.

19) \_\_\_\_\_ is used to determine the point at which the total costs of a current system and a proposed new system are the same.

- A) Payback analysis
- B) Present value analysis
- C) Break-even analysis
- D) Employee moral analysis

Answer: C

Diff: 1 Page Ref: 67

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

20) Which of these is not a reason that goal setting motivates team members?

- A) It clarifies what must be done to get results.
- B) It makes explicit what is expected of team members.
- C) It portrays the operational technology in understandable terms.
- D) Simply setting goals and monitoring them seems to motivate individuals.

Answer: C

Diff: 2 Page Ref: 85-86

AACSB: Application of knowledge

Learning Objective: 3e-Build and manage a project team.

21) Which of the following is not a difference between managing ecommerce projects and the traditional projects?

- A) The data used in ecommerce is scattered all over the organization.
- B) The staff used for ecommerce has a unified set of skills.
- C) Ecommerce managers need to initially build internal and external partnerships.
- D) Security in ecommerce is a must.

Answer: B

Diff: 2 Page Ref: 86

AACSB: Interpersonal relations and teamwork

Learning Objective: 3e-Build and manage a project team.

22) Which of the following is clarified by the project charter?

- A) analysis expectations
- B) how much can the scope change before the project will be over budget
- C) the project deliverables
- D) how much will the project cost

Answer: C

Diff: 1 Page Ref: 87

AACSB: Application of knowledge

Learning Objective: 3e-Build and manage a project team.

23) Which of the following is a reason given by programmers for failed projects?

- A) impossible or unrealistic completion dates
- B) not adding more people to the project to expedite it
- C) seeking outside help instead of trusting the development staff
- D) not enough programming development tools

Answer: A

Diff: 2 Page Ref: 78

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

24) Systems analysts formulate numbers that represent both current and projected \_\_\_\_\_ for the system so that any hardware obtained will possess the capability to handle current and future needs.

- A) inventory
- B) power requirements
- C) heating and cooling needs
- D) workloads

Answer: D

Diff: 2 Page Ref: 55

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

25) \_\_\_\_\_ on how well the organization is meeting intended goals may come from outside, in the form of complaints or suggestions from customers, vendors, or suppliers, as well as lost or unexpectedly low sales.

- A) Research
- B) Feedback
- C) Usage data
- D) None of the above.

Answer: B

Diff: 1 Page Ref: 49

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

26) On a problem definition, \_\_\_\_\_ are the current situation and objectives are the desired situation.

- A) facts
- B) results
- C) attitudes
- D) issues

Answer: D

Diff: 2 Page Ref: 49

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

27) \_\_\_\_\_ on a problem definition are the things that must be accomplished.

- A) Results
- B) Issues
- C) Requirements
- D) Objectives

Answer: C

Diff: 1 Page Ref: 50

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

28) After the objectives are stated on a problem definition, the relative \_\_\_\_\_ of the issues or objectives must be determined.

- A) sequence
- B) importance
- C) needs
- D) costs

Answer: B

Diff: 2 Page Ref: 51

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

29) \_\_\_\_\_ feasibility refers to projecting whether the system will operate and be used once it is installed.

- A) Operational
- B) Economic
- C) Technical
- D) Resource

Answer: A

Diff: 1 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

30) \_\_\_\_\_ includes all the activities required to select a systems analysis team, assign members of the team to appropriate projects, estimate time required to complete each task, and schedule the project so that tasks are completed in a timely fashion.

- A) Planning
- B) Designing
- C) Estimating
- D) Scheduling

Answer: A

Diff: 2 Page Ref: 71

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

31) A \_\_\_\_\_ is a chart on which bars represent each task.

- A) Gantt chart
- B) design diagram
- C) PERT diagram
- D) database design

Answer: A

Diff: 1 Page Ref: 72

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.



32) The longest path through a PERT diagram is referred to as the \_\_\_\_\_ path.

- A) critical
- B) hardest
- C) fastest
- D) slowest

Answer: A

Diff: 2 Page Ref: 74

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

33) An advantage of \_\_\_\_\_ is that they allow easy identification of the order of precedence and easy determination of slack time.

- A) PERT diagrams
- B) Gantt chart
- C) design diagram
- D) database design

Answer: A

Diff: 2 Page Ref: 75

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

34) Which of the following is not an advantage of using cloud services?

- A) maintenance and upgrades are performed by provider
- B) consistency over multiple platforms
- C) full control over hardware and software
- D) All of the above.

Answer: C

Diff: 2 Page Ref: 59

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.

35) Which of the following is a key service that ought to be checked when evaluating vendor support?

- A) Hardware Support
- B) Software Support
- C) Maintenance
- D) All of the above

Answer: D

Diff: 1 Page Ref: 60

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.

### 3.2 True/False

1) Changes in employee behavior such as unusually high absenteeism, high job dissatisfaction, or high worker turnover should alert managers to potential problems.

Answer: TRUE

Diff: 1 Page Ref: 49

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

2) Analysts should have little interest in improving worker satisfaction with the system.

Answer: FALSE

Diff: 1 Page Ref: 49

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

3) Objectives are major independent pieces of the problem.

Answer: FALSE

Diff: 1 Page Ref: 49

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

4) Requirements of a problem definition include the word "not," indicating a limitation.

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

5) Once issues have been identified, and objectives have been stated, the relative importance of the issues or objectives must be determined.

Answer: TRUE

Diff: 1 Page Ref: 51

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

6) When trying to define the problems, try to witness the problem first hand.

Answer: TRUE

Diff: 1 Page Ref: 51

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

7) Prospective projects should be examined from a systems perspective in order to consider the impact of the proposed change on the entire organization.

Answer: TRUE

Diff: 2 Page Ref: 53

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

8) A feasibility study is used to gather broad data for the members of management that in turn enables them to make a decision on whether to proceed with a systems study.

Answer: TRUE

Diff: 2 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

9) Technical feasibility is dependent upon determining human resources for the project.

Answer: FALSE

Diff: 2 Page Ref: 55

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

10) Judging the feasibility of a proposed systems project is usually a clear-cut decision.

Answer: FALSE

Diff: 3 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

11) A commitment from management to conduct a feasibility study means that the proposed system is accepted.

Answer: FALSE

Diff: 3 Page Ref: 54

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

12) Using a weighted average formula to determine expected activity times is the best strategy for estimating time.

Answer: FALSE

Diff: 3 Page Ref: 72

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

13) PERT diagrams are useful when activities can be done in parallel rather than in sequence.

Answer: TRUE

Diff: 1 Page Ref: 73

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

14) PERT is an acronym for Program Evaluation and Review Technique.

Answer: TRUE

Diff: 2 Page Ref: 73

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

15) The main advantage of the PERT diagram is its simplicity.

Answer: FALSE

Diff: 2 Page Ref: 73

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

16) The length of the arrows in a PERT diagram has a direct relationship with the duration of the activity.

Answer: FALSE

Diff: 1 Page Ref: 73

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

17) The critical path is defined as the most expensive path.

Answer: FALSE

Diff: 2 Page Ref: 74

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

18) PERT diagrams occasionally need to use dummy activities to preserve the logic.

Answer: TRUE

Diff: 2 Page Ref: 74

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

19) An advantage of PERT diagrams is the easy determination of slack time.

Answer: TRUE

Diff: 1 Page Ref: 74

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

20) A PERT diagram does not allow for easy identification of the critical path and thus critical activities.

Answer: FALSE

Diff: 2 Page Ref: 75

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

21) Along with managing time and resources, systems analysts must also manage people.

Answer: TRUE

Diff: 2 Page Ref: 84

AACSB: Interpersonal relations and teamwork

Learning Objective: 3e-Build and manage a project team.

22) By comparing costs alone, the systems analyst can use break-even analysis to determine the break-even capacity of the proposed information system.

Answer: TRUE

Diff: 1 Page Ref: 67

AACSB: Application of knowledge

Learning Objective: 3c-Forecast and analyze tangible and intangible costs and benefits.

23) Intangible costs are those that can be accurately projected by the systems analyst and the business's accounting personnel.

Answer: FALSE

Diff: 3 Page Ref: 67

AACSB: Application of knowledge

Learning Objective: 3c-Forecast and analyze tangible and intangible costs and benefits.

24) Tangible costs include losing a competitive edge, losing the reputation for being first with an innovation or the leader in a field, declining company image due to increased customer dissatisfaction, and ineffective decision making due to untimely or inaccessible information.

Answer: FALSE

Diff: 3 Page Ref: 67

AACSB: Application of knowledge

Learning Objective: 3c-Forecast and analyze tangible and intangible costs and benefits.

25) When assembling a team, a project manager should look for people with both experience and enthusiasm.

Answer: TRUE

Diff: 1 Page Ref: 84

AACSB: Interpersonal relations and teamwork

Learning Objective: 3e-Build and manage a project team.

26) A team leader who is concerned with the social relationships between group members is known as a task leader.

Answer: FALSE

Diff: 3 Page Ref: 84-85

AACSB: Interpersonal relations and teamwork

Learning Objective: 3e-Build and manage a project team.

27) A functional norm is one that could make team members waste resources.

Answer: FALSE

Diff: 2 Page Ref: 84

AACSB: Application of knowledge

Learning Objective: 3e-Build and manage a project team.

28) Setting goals can motivate team members by clarifying for them and others what must be done in order to get results.

Answer: TRUE

Diff: 1 Page Ref: 86

AACSB: Interpersonal relations and teamwork

Learning Objective: 3e-Build and manage a project team.

29) COTS stands for commercial off-the-shelf and refers to software packages that are purchased.

Answer: TRUE

Diff: 2 Page Ref: 61

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.

30) In ecommerce systems, the data is scattered across the organization.

Answer: TRUE

Diff: 1 Page Ref: 86

AACSB: Information technology

Learning Objective: 3e-Build and manage a project team.

31) Since ecommerce systems must link with the outside world, developing and implementing a security plan before the new system is in place is an absolute must.

Answer: TRUE

Diff: 1 Page Ref: 87

AACSB: Information technology

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

32) The value of a fishbone diagram is to systematically list all of the problems that can occur.

Answer: TRUE

Diff: 2 Page Ref: 78

AACSB: Analytical thinking

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

33) Operational feasibility deals with the basic resources to consider, which are your time and that of the systems analysis team, the cost of doing a full systems study (including the time of employees you will be working with), the cost of the business employee time, the estimated cost of hardware, and the estimated cost of software or software development.

Answer: FALSE

Diff: 1 Page Ref: 55

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

34) The point at which the total costs of the current system and the proposed system intersect represents the break-even point, the point where it becomes profitable for the business to get the new information system.

Answer: TRUE

Diff: 2 Page Ref: 67

AACSB: Application of knowledge

Learning Objective: 3d-Manage a project by preparing a budget, work breakdown structure, and schedule, as well as controlling the schedule and costs.

35) Economic feasibility deals with whether or not it is possible to develop a new system given the current technical resources.

Answer: FALSE

Diff: 1 Page Ref: 55

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

36) An advantage of buying computer hardware is that the organization will have full control regarding the type of hardware and software.

Answer: TRUE

Diff: 2 Page Ref: 58

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.

37) A disadvantage of buying computer hardware is the initial cost of purchasing the equipment is often very high.

Answer: TRUE

Diff: 2 Page Ref: 58

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.

38) Cloud services are not very scalable. Once you pay for the service, it is hard to upgrade in the future.

Answer: FALSE

Diff: 2 Page Ref: 58

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.

### 3.3 Short Answer

1) List four criteria for evaluating computer hardware for purchase.

Answer:

1. The time required for average transactions (including how long it takes to input data and how long it takes to receive output)
2. The total volume capacity of the system (how much can be processed at the same time before a problem arises)
3. The idle time of the CPU or network
4. The size of the memory provided

Diff: 3 Page Ref: 58

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.

2) What are the five major project management fundamentals?

Answer:

1. Project initiation
2. Determining project feasibility
3. Activity planning and control
4. Project scheduling
5. Managing systems analysis team members

Diff: 2 Page Ref: 48

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

3) What are the five important criteria for systems project selection?

Answer:

1. That the requested project be backed by management
2. That it be timed appropriately for a commitment of resources
3. That it moves the business toward attainment of its goals
4. That it be practical
5. That it be important enough to be considered over other possible projects

Diff: 3 Page Ref: 53

AACSB: Application of knowledge

Learning Objective: 3a-Understand how projects are initiated and selected.

4) What are the three main categories of cloud computing?

Answer: The three main categories are: Software as a Service (SaaS), Infrastructure as a Service (IaaS), and Platform as a Service (PaaS)

Diff: 2 Page Ref: 59

AACSB: Information technology

Learning Objective: 3b-Evaluate hardware and software alternatives by addressing the trade-offs.



5) Which form of analysis would you use to "sell" a systems project to a manager that is only interested in how many widgets will need to be sold before the project becomes profitable? Why?

Answer: Break-even analysis — It can be used to accurately determine how many units will need to be sold in order to make a project profitable.

Diff: 2 Page Ref: 67

AACSB: Analytical thinking

Learning Objective: 3c-Forecast and analyze tangible and intangible costs and benefits.