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QUESTION 1

Insights based on the data collected indicate that a multi-national company could increase its salesof a mature product by reducing its price by 20% which would result in increased revenues of 2% over a 6-month period. The team recommends this as an appropriate goal for its organization. This is considered a good goal because:

A. It meets all the criteria for a well-defined objective

B. The organization can derive additional revenue from the product

C. It indicates that the company does not have to incur costs associated with retiring this product

D. Management will be pleased that the mature product can still contribute to revenue

Correct Answer: A

A well-defined objective is one that is specific, measurable, achievable, relevant, and time-bound (SMART)1. The goal of increasing sales of a mature product by reducing its price by 20% which would result in increased revenues of 2% over a 6-month period meets all these criteria, as it clearly states what the desired outcome is, how it will be measured, whether it is realistic and attainable, how it aligns with the organization\\\'s strategy, and when it will be achieved

QUESTION 2

An analytics team is interested in reviewing the results of a public opinion poll that is going to be conducted at the end of the month. One of the factors the team is interested in, is ensuring the result set is statistically significant. Why would this factor be important to the team?

A. To make sure the criteria for the target audience is met

B. Guarantee that the objectives of the poll are met

C. Improve the likelihood of receiving a response rate of 100%

D. Ensure that results are not biased or random

Correct Answer: D

Ensuring the result set is statistically significant is important to the team because it means that the difference or relationship observed in the data is unlikely to be due to chance or sampling error. Statistical significance helps the team to assess the validity and reliability of their findings, and to draw meaningful conclusions and recommendations from the data. Statistical significance also helps the team to communicate their results with confidence and credibility to the stakeholders and decision makers

QUESTION 3

Freedom Insurance is planning to offer a new type of insurance policy and would like to determine how to optimally price it. The company seeks to identify the characteristics of this policy that would produce the maximum profit in the coming year. What type of analytics would Freedom Insurance be considering to achieve this objective?

A. Retrospective analytics

B. Descriptive analytics

C. Predictive analytics

D. Prescriptive analytics

Correct Answer: D

According to the Guide to Business Data Analytics, prescriptive analytics is a type of analytics that provides recommendations or suggestions for optimal actions or decisions based on data analysis. Prescriptive analytics uses techniques such as optimization, simulation, and decision analysis to evaluate various scenarios and trade-offs and to determine the best course of action for a given objective and constraint. Prescriptive analytics can help organizations achieve their goals, improve their performance, and increase their efficiency and effectiveness. In this situation, Freedom Insurance wants to determine how to optimally price a new type of insurance policy that would produce the maximum profit in the coming year. This is a prescriptive analytics problem, as it involves finding the optimal solution for a complex and uncertain decision problem.

QUESTION 4

An analytics team is discussing ways to improve company performance. Before identifying a set of research questions to analyze, they identify the need to understand the current company strategy and performance. The business analyst suggests using the Balanced Scorecard technique to guide this discussion. In which dimension of the matrix would the team be discussing metrics for changing and improving?

A. Learning and Growth

B. Customer

C. Financial

D. Internal Business Process

Correct Answer: A

According to the Introduction to Business Data Analytics: An Organizational View, the Balanced Scorecard technique is a strategic management tool that helps organizations align their vision, mission, and goals with their performance measures. The Balanced Scorecard consists of four dimensions: financial, customer, internal business process, and learning and growth. Each dimension has a set of objectives, measures, targets, and initiatives that reflect the organization\\'s strategy and value proposition. The learning and growth dimension focuses on the metrics for changing and improving the organization\\'scapabilities, such as employee skills, knowledge, innovation, and culture. The learning and growth dimension supports the other three dimensions by providing the necessary resources and competencies to achieve the desired outcomes.

QUESTION 5

An insurance company would like to develop a range of insurance products for different types of customers. The analytics team is asked to conduct some research and share their insights with senior management. Which technique would be useful to divide the customer base into groups?

A. Linear regression

B. Survey sampling

C. Factor analysis

D. K-means clustering

Correct Answer: D

K-means clustering is a technique that partitions a set of data points into a predefined number of clusters, based on their similarity or distance. This technique can be useful to divide the customer base into groups that have similar characteristics, preferences, or behaviors, and then design insurance products that cater to each group\'s needs and expectations. K-means clustering can also help identify outliers or anomalies in the customer data that may require further investigation or attention.

References: Guide to Business Data Analytics, page 58-59; CBDA lueprint, page 7; [Introduction to Business Data Analytics: A Practitioner View], page 17.

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