

GMAT AWA PRACTICE PAPERS

1. 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 number 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.

2. 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 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.”

3. The following appeared in a memorandum from the business department of the Apogee Company:

“When the Apogee Company had all its operations in one location, it was more profitable than it is today. Therefore, the Apogee Company should close down its field offices and conduct all its operations from a single location. Such centralization would improve profitability by cutting costs and helping the company maintain better supervision of all employees.”

Discuss how well reasoned . . . etc.

4. The following appeared in a memorandum issued by a large city’s council on the arts:

“In a recent citywide poll, 15 percent more residents said that they watch television programs about the visual arts than was the case in a poll conducted five years ago. During these past five years, the number of people visiting our city’s art museums has increased by a similar percentage. Since the corporate funding that supports public television, where most of the visual arts programs

appear, is now being threatened with severe cuts, we can expect that attendance at our city's art museums will also start to decrease. Thus some of the city's funds for supporting the arts should be reallocated to public television."

Discuss how well reasoned . . . etc.

5. The following appeared in an announcement issued by the publisher of *The Mercury*, a weekly newspaper:

"Since a competing lower-priced newspaper, *The Bugle*, was started five years ago, *The Mercury's* circulation has declined by 10,000 readers. The best way to get more people to read *The Mercury* is to reduce its price below that of *The Bugle*, at least until circulation increases to former levels. The increased circulation of *The Mercury* will attract more businesses to buy advertising space in the paper."

Discuss how well reasoned . . . etc.

6. The following appeared in a report presented for discussion at a meeting of the directors of a company that manufactures parts for heavy machinery:

"The falling revenues that the company is experiencing coincide with delays in manufacturing. These delays, in turn, are due in large part to poor planning in purchasing metals. Consider further that the manager of the department that handles purchasing of raw materials has an excellent background in general business, psychology, and sociology, but knows little about the properties of metals. The company should, therefore, move the purchasing manager to the sales department and bring in a scientist from the research division to be manager of the purchasing department."

Discuss how well reasoned . . . etc.

7. 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.

8. 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.

9. 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.

10. 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 storage 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. 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.

19. 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.

20. 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.

21. 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.

22. 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.

23. 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.

24. 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.

25. 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.

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