

Place your name on the back of this sheet of paper and nowhere else. Staple your answers on the front of this sheet of paper. Failure to follow these directions will cost you 1 point. Your assignment will be typed, except graphs can be drawn by hand and mathematical equations can be done by hand. Failure to type it will cost you 10 points. If you use double-sided printing or print on the back of scrap paper, I will give you one additional point.

1) (15 points each) For each of the following, explain what it means and why it is important to a “learning organization.”

A) Personal mastery

B) Shared vision

2) (20 points) We mentioned several requirements for *TQM* to be successful. Several of them also apply to the other management tools we discussed like *Benchmarking* and *Re-engineering*. What are two of these requirements which apply to more than just *TQM*? Why do they apply to other management tools?

3) (35 points) Suppose there are three customers and all have a demand curve written as $P = 10 - Q/2$. (Technically, this is an inverse demand function, but it is easier to plot it this way.) Plot one customer’s demand curve and then draw the industry demand curve. Explain how you got each one.

4) (15 points) Suppose that at a price of \$10/CD people buy 200 CDs, and at a price of \$12/CD they buy 174 CDs. Use both the point elasticity and the arc elasticity methods to find the own-price elasticity of demand for CDs. Briefly explain what you did and show all work.