

# PGA Level 1 Business Planning Practice Test (Sample)

## Study Guide



**Everything you need from our exam experts!**

**This is a sample study guide. To access the full version with hundreds of questions,**

**Copyright © 2026 by Examzify - A Kaluba Technologies Inc. product.**

**ALL RIGHTS RESERVED.**

**No part of this book may be reproduced or transferred in any form or by any means, graphic, electronic, or mechanical, including photocopying, recording, web distribution, taping, or by any information storage retrieval system, without the written permission of the author.**

**Notice: Examzify makes every reasonable effort to obtain from reliable sources accurate, complete, and timely information about this product.**

**SAMPLE**

# Table of Contents

<b>Copyright</b> .....	<b>1</b>
<b>Table of Contents</b> .....	<b>2</b>
<b>Introduction</b> .....	<b>3</b>
<b>How to Use This Guide</b> .....	<b>4</b>
<b>Questions</b> .....	<b>6</b>
<b>Answers</b> .....	<b>9</b>
<b>Explanations</b> .....	<b>11</b>
<b>Next Steps</b> .....	<b>17</b>

# Introduction

Preparing for a certification exam can feel overwhelming, but with the right tools, it becomes an opportunity to build confidence, sharpen your skills, and move one step closer to your goals. At Examzify, we believe that effective exam preparation isn't just about memorization, it's about understanding the material, identifying knowledge gaps, and building the test-taking strategies that lead to success.

This guide was designed to help you do exactly that.

Whether you're preparing for a licensing exam, professional certification, or entry-level qualification, this book offers structured practice to reinforce key concepts. You'll find a wide range of multiple-choice questions, each followed by clear explanations to help you understand not just the right answer, but why it's correct.

The content in this guide is based on real-world exam objectives and aligned with the types of questions and topics commonly found on official tests. It's ideal for learners who want to:

- Practice answering questions under realistic conditions,
- Improve accuracy and speed,
- Review explanations to strengthen weak areas, and
- Approach the exam with greater confidence.

We recommend using this book not as a stand-alone study tool, but alongside other resources like flashcards, textbooks, or hands-on training. For best results, we recommend working through each question, reflecting on the explanation provided, and revisiting the topics that challenge you most.

**Remember:** successful test preparation isn't about getting every question right the first time, it's about learning from your mistakes and improving over time. Stay focused, trust the process, and know that every page you turn brings you closer to success.

Let's begin.

# How to Use This Guide

**This guide is designed to help you study more effectively and approach your exam with confidence. Whether you're reviewing for the first time or doing a final refresh, here's how to get the most out of your Examzify study guide:**

## **1. Start with a Diagnostic Review**

**Skim through the questions to get a sense of what you know and what you need to focus on. Don't worry about getting everything right, your goal is to identify knowledge gaps early.**

## **2. Study in Short, Focused Sessions**

**Break your study time into manageable blocks (e.g. 30 - 45 minutes). Review a handful of questions, reflect on the explanations, and take breaks to retain information better.**

## **3. Learn from the Explanations**

**After answering a question, always read the explanation, even if you got it right. It reinforces key points, corrects misunderstandings, and teaches subtle distinctions between similar answers.**

## **4. Track Your Progress**

**Use bookmarks or notes (if reading digitally) to mark difficult questions. Revisit these regularly and track improvements over time.**

## **5. Simulate the Real Exam**

**Once you're comfortable, try taking a full set of questions without pausing. Set a timer and simulate test-day conditions to build confidence and time management skills.**

## **6. Repeat and Review**

**Don't just study once, repetition builds retention. Re-attempt questions after a few days and revisit explanations to reinforce learning.**

## **7. Use Other Tools**

**Pair this guide with other Examzify tools like flashcards, and digital practice tests to strengthen your preparation across formats.**

**There's no single right way to study, but consistent, thoughtful effort always wins. Use this guide flexibly — adapt the tips above to fit your pace and learning style. You've got this!**

SAMPLE

## **Questions**

- 1. What role does prioritizing plays have in creating effective objectives?**
  - A. It minimizes resource waste**
  - B. It enhances guest satisfaction**
  - C. It is essential for creating effective objectives**
  - D. It simplifies marketing efforts**
- 2. Which of the following is an outcome of defining a business?**
  - A. Only financial forecasts**
  - B. Market competition analysis**
  - C. Written mission, vision, and core values**
  - D. Daily operational strategies**
- 3. What is the ideal cost of goods sold percentage range for soft goods according to retail practices?**
  - A. 40-50%**
  - B. 50-60%**
  - C. 60-70%**
  - D. 70-80%**
- 4. What type of labor is classified as a fixed expense in facility operations?**
  - A. Hourly labor**
  - B. Commission-based labor**
  - C. Salaried labor**
  - D. Seasonal labor**
- 5. What does it mean for an objective to be specific?**
  - A. It is uncertain and vague**
  - B. It is linked to measurable business outcomes**
  - C. It can be easily changed over time**
  - D. It applies to a wide range of activities**



- 6. How is the Cost of Goods Sold calculated for a given period?**
- A. Beginning Inventory + End Inventory**
  - B. Beginning Inventory - End Inventory**
  - C. (Beginning Inventory + Newly Purchased Inventory) - End Inventory**
  - D. Total Sales - Total Revenue**
- 7. What type of competition does a private tennis and athletic club represent for a golf facility?**
- A. Direct competition**
  - B. Indirect competition**
  - C. Internal competition**
  - D. External competition**
- 8. What is the nature of the business planning process?**
- A. Static and unchanging**
  - B. Ongoing and dynamic**
  - C. Irrelevant to strategy**
  - D. Short-term focused only**
- 9. What is a key advantage of utilizing PGA annual operations survey reports?**
- A. They offer insights into competitor prices**
  - B. They provide data for informed business decisions**
  - C. They focus solely on historical performance**
  - D. They disregard market trends**
- 10. How should annual business objectives relate to long-term business goals?**
- A. They should be distinctly separate**
  - B. They should be loosely connected**
  - C. They should honor historical performance alone**
  - D. They should be closely aligned**

## **Answers**

SAMPLE

1. C
2. C
3. B
4. C
5. B
6. C
7. B
8. B
9. B
10. D

SAMPLE

## **Explanations**

**1. What role does prioritizing plays have in creating effective objectives?**

- A. It minimizes resource waste**
- B. It enhances guest satisfaction**
- C. It is essential for creating effective objectives**
- D. It simplifies marketing efforts**

Prioritizing plays a crucial role in creating effective objectives as it allows businesses to focus on what matters most. By determining priorities, organizations can allocate their time, resources, and efforts more strategically toward objectives that align with their overall vision and goals. This process ensures that the objectives set are not only relevant but also achievable within the given timeframe and context. When priorities are clear, the objectives developed are more likely to be specific, measurable, attainable, relevant, and time-bound (SMART). This enhances clarity and direction for the team, fostering a cohesive approach to achieving the desired outcomes. Ultimately, effective prioritization leads to enhanced performance, better decision-making, and the ability to adjust to changing circumstances, which is integral to successful business planning.

**2. Which of the following is an outcome of defining a business?**

- A. Only financial forecasts**
- B. Market competition analysis**
- C. Written mission, vision, and core values**
- D. Daily operational strategies**

Defining a business involves establishing key foundational elements that guide its operations and direction. Among these, the creation of a written mission, vision, and core values is essential. The mission statement articulates the purpose of the organization, explaining why it exists and what it seeks to achieve. The vision statement outlines the desired future state of the business, helping to inspire and align stakeholders towards common goals. Core values represent the principles and ethics that guide behavior and decision-making within the organization. These components are critical as they provide a framework for strategic planning and help ensure that all aspects of the business align with its overarching goals. By clearly defining these elements, a business can foster a strong organizational culture, communicate effectively with stakeholders, and maintain a consistent focus on its objectives. While financial forecasts and market competition analysis are important aspects of business planning, they are more tactical elements that support the broader vision and mission rather than being outcomes of defining the business itself. Daily operational strategies also stem from a defined business but are not directly tied to the foundational purpose and principles outlined in its mission and vision.

**3. What is the ideal cost of goods sold percentage range for soft goods according to retail practices?**

- A. 40-50%**
- B. 50-60%**
- C. 60-70%**
- D. 70-80%**

The ideal cost of goods sold (COGS) percentage for soft goods in retail typically falls within the 50-60% range. This range is considered optimal because it reflects a balance between maintaining profitability and managing inventory costs effectively. When managing soft goods, which can include clothing, bedding, and other textiles, retailers need to consider the competitive nature of the market and the perceived value by customers. A COGS percentage in this range allows businesses to cover their operating expenses, such as rent, payroll, and marketing, while still providing a margin that can contribute to overall profitability. This percentage is critical for soft goods specifically because their pricing is often more sensitive to changes in market demand and competition compared to hard goods. By adhering to a COGS percentage of 50-60%, retailers can better navigate pricing strategies and maintain a healthy gross margin, which is necessary for long-term sustainability in the retail industry.

**4. What type of labor is classified as a fixed expense in facility operations?**

- A. Hourly labor**
- B. Commission-based labor**
- C. Salaried labor**
- D. Seasonal labor**

Salaried labor is classified as a fixed expense in facility operations because salaries are typically set amounts that do not fluctuate based on the number of hours worked or production levels. This means that regardless of the operational volume or the level of activity within the facility, the costs associated with salaried employees remain constant. Such predictability allows for more straightforward budgeting and financial forecasting. In contrast, hourly labor and commission-based labor are variable expenses as they depend on the amount of work performed or the sales generated, both of which can change over time. Seasonal labor can also be variable as it is dependent on specific times of the year when business demands fluctuate, making it less predictable.

**5. What does it mean for an objective to be specific?**

- A. It is uncertain and vague
- B. It is linked to measurable business outcomes**
- C. It can be easily changed over time
- D. It applies to a wide range of activities

An objective being specific means that it is clearly defined, with precise details that eliminate ambiguity. When an objective is linked to measurable business outcomes, it gives a clear target for what needs to be achieved. This specificity allows for better planning and execution because everyone involved understands exactly what is intended and can align their efforts accordingly. For instance, instead of stating a vague goal like "increase sales," a specific objective would articulate, "increase sales by 15% in the next quarter for product X in region Y." This clarity not only aids in focus but also makes it easier to track progress and measure success against that objective. Choosing an objective that is linked to measurable outcomes is crucial because it sets a tangible standard of achievement, making it easier to assess performance and make necessary adjustments.

**6. How is the Cost of Goods Sold calculated for a given period?**

- A. Beginning Inventory + End Inventory
- B. Beginning Inventory - End Inventory
- C. (Beginning Inventory + Newly Purchased Inventory) - End Inventory**
- D. Total Sales - Total Revenue

The Cost of Goods Sold (COGS) represents the direct costs attributable to the production of the goods sold by a company. It is calculated by taking into account the inventory available at the beginning of the period, adding any inventory purchased during that period, and then subtracting the ending inventory. In this formula, beginning inventory refers to the amount of inventory that a company has on hand at the start of the period. Newly purchased inventory reflects any additional stock acquired throughout the period. The ending inventory is the stock that remains unsold at the end of the period. By applying this formula, the COGS is effectively showing how much of the inventory was used to generate sales during the specified period. This approach helps businesses determine the direct costs tied to their production activities, which is crucial for understanding profit margins and making informed financial decisions. Additionally, it allows for accurate financial reporting and aids in inventory management.

**7. What type of competition does a private tennis and athletic club represent for a golf facility?**

- A. Direct competition**
- B. Indirect competition**
- C. Internal competition**
- D. External competition**

A private tennis and athletic club represents indirect competition for a golf facility because both establishments cater to similar demographics looking for recreational activities, but they offer different services and experiences. While members may choose to spend their leisure time at the tennis and athletic club or the golf facility, the choice does not necessarily pit one directly against the other in terms of the same product offering. Instead, they provide alternative options for leisure and fitness, allowing potential customers to consider both when making decisions on how to spend their free time. The concept of indirect competition is essential for understanding how businesses operate within the same industry environment without directly competing for the same service or product. In the case of a golf facility, members may appreciate the variety of options available to them from a tennis and athletic club, intentionally choosing one based on their preferences for activity at a given time.

**8. What is the nature of the business planning process?**

- A. Static and unchanging**
- B. Ongoing and dynamic**
- C. Irrelevant to strategy**
- D. Short-term focused only**

The business planning process is ongoing and dynamic because it involves continuous assessment and refinement of strategies in response to changing market conditions, customer needs, and internal company objectives. A successful business plan is not a one-time document; it evolves as the business grows and adapts to external factors such as economic shifts, technological advancements, and competitive landscapes. This dynamic nature allows businesses to pivot strategies when necessary, ensuring they remain relevant and competitive. Furthermore, by being ongoing, the planning process encourages regular reviews and updates, which can lead to more informed decision-making and the ability to seize new opportunities as they arise. This responsiveness is crucial for long-term success and sustainability in any industry.



**9. What is a key advantage of utilizing PGA annual operations survey reports?**

- A. They offer insights into competitor prices**
- B. They provide data for informed business decisions**
- C. They focus solely on historical performance**
- D. They disregard market trends**

Utilizing PGA annual operations survey reports offers a key advantage in that they provide data for informed business decisions. These reports compile comprehensive information on various operational aspects of golf facilities, including financial performance, customer demographics, and service trends. By analyzing this data, golf professionals and managers can identify areas for improvement, recognize successful strategies employed by peers, and benchmark their operations against industry standards. This insight enables them to make strategic choices, allocate resources effectively, and enhance overall business performance. The other options do not capture the full scope of the benefits that these reports provide. For instance, while insights into competitor prices could be valuable, they are not a primary feature of the reports. Additionally, the focus on historical performance is limited because the reports also examine current trends and future projections, contributing to a more dynamic understanding of the market. Finally, disregarding market trends would be contrary to the purpose of these reports, which aim to equip users with relevant data that reflects both past and present conditions, enabling proactive management.

**10. How should annual business objectives relate to long-term business goals?**

- A. They should be distinctly separate**
- B. They should be loosely connected**
- C. They should honor historical performance alone**
- D. They should be closely aligned**

Annual business objectives should be closely aligned with long-term business goals to ensure that daily operations and short-term initiatives effectively support the overall vision and mission of the organization. This alignment establishes a coherent strategy that drives progress toward achieving long-term aspirations, such as market leadership, sustainability, or profitability. When annual objectives are closely tied to long-term goals, it facilitates measurable progress, as each annual objective can serve as a stepping stone toward broader aspirations. This creates a structured framework wherein team members understand how their efforts contribute to the organization's future. Moreover, it allows for better resource allocation, effective performance tracking, and adaptive strategies that stay relevant to the changing business environment. In contrast to the other options, which suggest separation or a loose connection, alignment fosters collaboration and consistency across all levels of the business, ultimately enhancing the likelihood of achieving the long-term goals. Honoring historical performance alone without a direct connection to future objectives would limit growth and innovation, making it imperative for annual objectives to reflect a forward-looking perspective while rooted in the fundamentals of the business.

# Next Steps

**Congratulations on reaching the final section of this guide. You've taken a meaningful step toward passing your certification exam and advancing your career.**

**As you continue preparing, remember that consistent practice, review, and self-reflection are key to success. Make time to revisit difficult topics, simulate exam conditions, and track your progress along the way.**

**If you need help, have suggestions, or want to share feedback, we'd love to hear from you. Reach out to our team at [hello@examzify.com](mailto:hello@examzify.com).**

**Or visit your dedicated course page for more study tools and resources:**

**<https://pgalvl1businessplanning.examzify.com>**

**We wish you the very best on your exam journey. You've got this!**