

Strategic Management, 15e, Global Edition (David/David)
Chapter 1 Strategic Management Essentials

1) Strategic management focuses on integrating management, marketing, finance and accounting, production and operations, research and development, and information systems to achieve organizational success.

Answer: TRUE

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

2) Optimizing for tomorrow the trends of today is the purpose of strategic management.

Answer: FALSE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

3) Even though useful, strategic planning has been cast aside by corporate America since the early 1990s.

Answer: FALSE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

4) The decision to expand or diversify operations is a strategy-formulation issue.

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

5) The terms strategic management and strategic planning are synonymous in this text.

Answer: TRUE

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

6) A vision statement identifies the scope of a firm's operations in product and market terms.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

7) Strategy implementation is often considered to be the most difficult stage in the strategic-management process because it requires personal discipline, commitment, and sacrifice.

Answer: TRUE

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

8) The final stage in strategic management is strategy implementation.

Answer: FALSE

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

9) Formulation, implementation, and evaluation of strategy activities occur at three hierarchical levels in a large organization: corporate, divisional or strategic business unit, and functional.

Answer: TRUE

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

10) One of the fundamental strategy evaluation activities is reviewing external and internal factors that are the basis for current strategies.

Answer: TRUE

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

11) An objective, logical, systematic approach for making major decisions in an organization is a way to describe the strategic-management process.

Answer: TRUE

Diff: 2

Objective: 1.03 Explain the need for integrating analysis and intuition in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

12) Strategic management is an attempt to organize qualitative and quantitative information in a way that allows effective decisions to be made under conditions of uncertainty.

Answer: TRUE

Diff: 2

Objective: 1.03 Explain the need for integrating analysis and intuition in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

13) Analytical and intuitive thinking should complement each other.

Answer: TRUE

Diff: 1

Objective: 1.03 Explain the need for integrating analysis and intuition in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

14) According to Albert Einstein, "Knowledge is far more important than intuition."

Answer: FALSE

Diff: 3

Objective: 1.03 Explain the need for integrating analysis and intuition in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

15) Management by intuition can be defined as operating from the "I've-already-made-up-my-mind-don't-bother-me-with-the-facts mode."

Answer: FALSE

Diff: 2

Objective: 1.03 Explain the need for integrating analysis and intuition in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

16) By occasionally monitoring external events, companies should be able to identify when change is required.

Answer: FALSE

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

17) Firms, like organisms, must be "adept at adapting" or they will not survive.

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

18) U.S. firms are not being challenged in the computer industry.

Answer: FALSE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

19) Anything the firm does especially well compared to rival firms could be considered a competitive advantage.

Answer: TRUE

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

20) Once a firm acquires a competitive advantage, they are usually able to sustain the competitive advantage indefinitely.

Answer: FALSE

Diff: 2

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

21) Newspaper companies in the United States provide a good example of how a company can sustain a competitive advantage over the long-term.

Answer: FALSE

Diff: 3

AACSB: Reflective thinking

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

22) Although e-commerce has increased in popularity, it has actually led to increases in company expenses.

Answer: FALSE

Diff: 2

AACSB: Information technology

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

23) While the number of people shopping online has increased, the average amount spent online has decreased.

Answer: FALSE

Diff: 2

AACSB: Information technology

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

24) One of the ways in which the Internet has transferred power from businesses to individuals is by making comparison-shopping quick and easy.

Answer: TRUE

Diff: 2

AACSB: Information technology

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

25) Most traditional retailers have tried in vain to use their online sales to boost in-store sales.

Answer: FALSE

Diff: 1

AACSB: Information technology

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

26) In order for a firm to achieve sustained competitive advantage, a firm must continually adapt to changes in external trends and events and effectively formulate, implement, and evaluate strategies that capitalize upon those factors.

Answer: TRUE

Diff: 2

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

27) Strategists are usually found in higher levels of management and have considerable authority for decision-making in the firm.

Answer: TRUE

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

28) The middle manager is the most visible and critical strategic manager.

Answer: FALSE

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

29) All strategists have similar attitudes, values, ethics and concerns for social responsibility.

Answer: FALSE

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

30) A vision statement answers the question, "What is our business?" whereas a mission statement answers, "What do we want to become?"

Answer: FALSE

Diff: 3

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

31) In the last five years, the position of chief strategy officer (CSO) has diminished so drastically that today it is almost unheard of for companies to have such a position on staff.

Answer: FALSE

Diff: 2

Objective: 1.01 Discuss the nature and role of a chief strategy officer (CSO).

Learning Outcome: Define strategic management and identify its basic concepts

32) A clear mission statement describes the values and priorities of an organization.

Answer: TRUE

Diff: 1

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

33) Strengths and weaknesses are determined relative to competitors.

Answer: TRUE

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

34) In a multidivisional firm, objectives should be established for the overall company but not for each division.

Answer: FALSE

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

35) Objectives should be measurable, challenging, reasonable, consistent, and clear.

Answer: TRUE

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

36) Annual objectives are long-term milestones that organizations must achieve to reach short-term objectives.

Answer: FALSE

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

37) Annual objectives are especially important in strategy formulation.

Answer: FALSE

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

38) According to research, a healthier workforce can more effectively and efficiently implement strategies.

Answer: TRUE

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

39) Identifying an organization's existing vision, mission, objectives, and strategies is the final step for the strategic management process.

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

40) Once an effective strategy is designed, modifications are rarely required.

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

41) Application of the strategic-management process is typically more formal in larger and well-established organizations.

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

42) Commitment and understanding are the most important benefits of strategic management.

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

43) The best thing strategists can do is develop strategic plans themselves and then present them to operating managers to execute.

Answer: FALSE

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

44) Firms with planning systems more closely resembling strategic-management theory generally exhibit superior long-term financial performance relative to their industry.

Answer: TRUE

Diff: 3

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

45) Low-performing firms typically underestimate their competitor's strengths and overestimate their own firm's strengths.

Answer: TRUE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

46) According to Greenley, strategic management provides increased discipline, enhanced communication, and more effective allocation of time and resources.

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

47) The lack of monetary rewards is one reason managers do not engage in strategic planning.

Answer: TRUE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

48) Crises and firefighting in an organization give managers the extra time needed to plan ahead.

Answer: FALSE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

49) Making many intuitive decisions that conflict with the formal plan is one pitfall to avoid in strategic planning.

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

50) Managers must be very formal in strategic planning because formality fosters flexibility and creativity.

Answer: FALSE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

51) Many organizations mistakenly spend more time and effort on the implementation of a plan, than on the formulation of the plan itself.

Answer: FALSE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

52) Strategic-management must be a self-reflective learning process that familiarizes managers and employees in the organization with key strategic issues and feasible alternatives for resolving those issues.

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

53) The most effective strategic management is ritualistic, predictable, and formal.

Answer: FALSE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

54) For the strategic planning process to be effective, organizations must continually strengthen the "good ethics is good business" policy.

Answer: TRUE

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

55) Military success is usually the happy result of accidental strategies, but business success is the product of continuous attention to changing conditions and insightful adaptations to those conditions.

Answer: FALSE

Diff: 1

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

56) In most respects, business strategy is very different than military strategy.

Answer: FALSE

Diff: 2

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

57) The element of surprise provides great competitive advantages in both military and business strategy.

Answer: TRUE

Diff: 2

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

58) Both military and business strategy are formulated, implemented, and evaluated with an assumption of competition.

Answer: FALSE

Diff: 3

AACSB: Reflective thinking

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

59) Superior strategy formulation is well and good, but it cannot overcome an opponent's superiority in numbers and resources.

Answer: FALSE

Diff: 1

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

60) All firms have a strategy, even if it is informal, unstructured, and sporadic.

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

61) Firms can be more proactive with strategic management.

Answer: TRUE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

62) The goal of strategic management is to

A) achieve competitive advantage.

B) maintain competitive advantage.

C) achieve and maintain competitive advantage.

D) eliminate competitive advantage.

E) eliminate and abolish competitive advantage.

Answer: C

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

63) Strategic management focuses on integrating management, _____, and information systems to achieve organizational success.

- A) marketing
- B) finance and accounting
- C) production and operations
- D) research and development
- E) all of the above

Answer: E

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

64) What can be defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?

- A) Strategy formulation
- B) Strategy evaluation
- C) Strategy implementation
- D) Strategic management
- E) Strategic leading

Answer: D

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

65) Sometimes _____ is used to refer to strategic formulation, implementation and evaluation, with _____ referring only to strategic formulation.

- A) strategic planning; strategic management
- B) strategic planning; strategic processing
- C) strategic management; strategic planning
- D) strategic management; strategic processing
- E) strategic implementation; strategic focus

Answer: C

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

66) During what stage of strategic management are a firm's specific internal strengths and weaknesses determined?

- A) Formulation
- B) Implementation
- C) Evaluation
- D) Feedback
- E) Goal-setting

Answer: A

Diff: 1

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

67) An important activity in _____ is taking corrective action.

- A) strategy evaluation
- B) strategy implementation
- C) strategy formulation
- D) strategy leadership
- E) all of the above

Answer: A

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

68) What step in the strategic development process involves mobilizing employees and managers to put strategies into action?

- A) Strategy formulation
- B) Strategy evaluation
- C) Strategy implementation
- D) Strategic advantage
- E) Competitive advantage

Answer: C

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

69) What types of skills are especially critical for successful strategy implementation?

- A) Interpersonal
- B) Marketing
- C) Technical
- D) Conceptual
- E) Visionary

Answer: A

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

70) Which phase of strategic management is called the action phase?

- A) Strategy formulation
- B) Strategy implementation
- C) Strategy evaluation
- D) Competing advantages
- E) Measuring performance

Answer: B

Diff: 1

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

71) _____ is NOT a strategy-implementation activity.

- A) Taking corrective actions
- B) Establishing annual objectives
- C) Devising policies
- D) Allocating resources
- E) Motivating employees

Answer: A

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

- 72) Strategy evaluation is necessary because
- A) internal and external factors are constantly changing.
 - B) the SEC requires strategy evaluation.
 - C) success today is a guarantee of success tomorrow.
 - D) the IRS requires strategy evaluation.
 - E) firms have limited resources.

Answer: A

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

73) Which statement best describes intuition?

- A) It alone should be used in decision-making.
- B) It represents a minor factor in decision-making integrated with analysis.
- C) It should be coupled with analysis in decision-making.
- D) It is better than analysis in decision-making.
- E) It is management by ignorance.

Answer: C

Diff: 2

AACSB: Reflective thinking

Objective: 1.03 Explain the need for integrating analysis and intuition in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

74) In recent years, the speedy flow of information through technology has

- A) made it harder for people worldwide to see how others work and live.
- B) strengthened national boundaries and made countries more self-contained.
- C) created a borderless world with global competitors, customers, and citizens.
- D) ensured that the U.S. is unrivaled by other companies in all industries.
- E) made the real flow of financial activity align with political boundaries between countries.

Answer: C

Diff: 2

AACSB: Information technology

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

75) Anything that a firm does especially well compared to rival firms is referred to as

- A) competitive advantage.
- B) comparative disadvantage.
- C) opportunity cost.
- D) unsustainable advantage.
- E) an external opportunity.

Answer: A

Diff: 1

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

76) In mass retailing, big-box companies like Walmart, Best Buy, and Sears are

- A) gaining competitive advantage over smaller stores.
- B) participating in a dramatic shift to becoming bigger.
- C) increasing the square-footage of their retail locations.
- D) finding that less brick and mortar is better.
- E) noticing a sharp decline in online purchases.

Answer: D

Diff: 2

AACSB: Information technology

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

77) The fact that Apple has no manufacturing facilities of its own

- A) has caused it to build up massive debt on its balance sheet.
- B) has enabled it to remain financially lean with virtually no long-term debt.
- C) has been problematic for Apple in terms of debt.
- D) illustrates that having more fixed assets than rival firms can provide major competitive advantages in a global recession.
- E) means that it is in the same position as Sony.

Answer: B

Diff: 2

AACSB: Reflective thinking

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

78) _____ allows firms to sell products, advertise, purchase supplies, bypass intermediaries, track inventory, and eliminate paperwork.

- A) Social networking
- B) E-commerce
- C) Blogging
- D) Viral video
- E) "Trading down"

Answer: B

Diff: 2

AACSB: Information technology

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

79) The Internet has transferred power from _____ to _____.

- A) businesses, individuals
- B) governments, businesses
- C) individuals, businesses
- D) businesses, governments
- E) individuals, governments

Answer: A

Diff: 1

AACSB: Information technology

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

80) There is a dramatic shift in mass retailing to

- A) "trading up" and taking customers from more exclusive stores.
- B) selling only the most expensive merchandise.
- C) opening dramatically larger supercenters.
- D) operating stores with less square footage.
- E) cutting back on their online presence.

Answer: D

Diff: 2

AACSB: Information technology

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

81) The one factor that has most significantly impacted the nature and core of buying and selling in nearly all industries has been

- A) the Internet.
- B) political borders.
- C) corporate greed.
- D) customer and employee focus.
- E) the government.

Answer: A

Diff: 2

AACSB: Information technology

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

82) Which individuals are most responsible for the success and failure of an organization?

- A) Strategists
- B) Financial planners
- C) Personnel directors
- D) Stakeholders
- E) Human resource managers

Answer: A

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

83) Which is generally considered to be the first step in strategic planning?

- A) Developing a vision statement
- B) Establishing goals and objectives
- C) Making a profit
- D) Developing a mission statement
- E) Determining opportunities and threats

Answer: A

Diff: 1

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

84) What are enduring declarations of purpose that distinguish one business from other similar firms?

- A) Policies
- B) Mission statements
- C) Objectives
- D) Rules
- E) Employee conduct guidelines

Answer: B

Diff: 2

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

85) An organization's vision statement

- A) is a constant reminder to its employees of why the organization exists.
- B) broadly charts the future direction of an organization.
- C) addresses the basic question: "What is our business?"
- D) answers the question: "What do we want to become?"
- E) none of the above

Answer: D

Diff: 1

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

- 86) Generally, external opportunities and threats are
- A) uncontrollable by a single organization.
 - B) unable to have a significant impact on an organization.
 - C) not worth monitoring and evaluating.
 - D) key functions in strategy implementation.
 - E) key functions in strategy exploitation.

Answer: A

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

- 87) Specific results an organization seeks to achieve in pursuing its basic mission are
- A) strategies.
 - B) rules.
 - C) objectives.
 - D) policies.
 - E) tenets.

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

- 88) Internal _____ are controllable activities in an organization that are performed especially well.

- A) opportunities
- B) incompetencies
- C) strengths
- D) objectives
- E) factors

Answer: C

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

- 89) What are the means by which long-term objectives will be achieved?

- A) Strategies
- B) Strengths
- C) Weaknesses
- D) Policies
- E) Opportunities

Answer: A

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

90) Long-term objectives should be all of the following EXCEPT

- A) measurable.
- B) continually changing.
- C) reasonable.
- D) challenging.
- E) consistent.

Answer: B

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

91) Annual objectives are especially important in strategy

- A) reduction.
- B) formulation.
- C) implementation.
- D) evaluation.
- E) policy.

Answer: C

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

92) In which phase of strategic management are long-term objectives especially important?

- A) Formulation
- B) Control
- C) Evaluation
- D) Implementation
- E) Management

Answer: A

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

93) What are guides to decision making called?

- A) Strategies
- B) Rules
- C) Policies
- D) Objectives
- E) Goals

Answer: C

Diff: 1

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

94) The strategic-management process

- A) occurs once a year.
- B) is a semiannual process.
- C) is a continuous process.
- D) applies mostly to companies with sales greater than \$100 million.
- E) applies mostly to small businesses.

Answer: C

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

95) Which of the following is part of the strategic management model?

- A) Measure and evaluate performance
- B) Develop mission and vision statements
- C) Establish long-term objectives
- D) Implement strategies
- E) All of the above

Answer: E

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

96) Strategic management enables an organization to _____, instead of just responding to threats in its business environment.

- A) be proactive
- B) be immune to threats
- C) avoid responsibility for shaping its future
- D) relinquish control over its destiny
- E) be reactive

Answer: A

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

97) The act of strengthening employees' sense of effectiveness by encouraging and rewarding them for participating in decision-making and exercising initiative and imagination is referred to as

- A) authoritarianism.
- B) proaction.
- C) empowerment.
- D) transformation.
- E) delegation.

Answer: C

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

98) How do line managers become "owners" of the strategy?

- A) By attending top manager meetings
- B) By executing plans formulated by other people
- C) By involvement in the strategic-management process
- D) By becoming a shareholder of the firm
- E) By buying off top managers

Answer: C

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

99) Annually, _____ businesses in the U.S. fail.

- A) exactly 100
- B) less than 1,000
- C) about 10,000
- D) more than 100,000
- E) almost 10 million

Answer: D

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

100) According to research, organizations using strategic management are _____ than those that do not.

- A) more profitable
- B) more complex
- C) less profitable
- D) less successful
- E) less complex

Answer: A

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

101) According to Greenley, strategic management offers all of the following benefits EXCEPT

- A) increased discipline.
- B) enhanced communication.
- C) increased synergy.
- D) increased resistance to change.
- E) more effective allocation of time and resources.

Answer: D

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

102) Which of the following is NOT a reason given for poor or no strategic planning in an organization?

- A) Planning is viewed as a waste of time
- B) Content with current success
- C) Too busy "firefighting" to plan ahead
- D) No monetary rewards for planning
- E) Trust of management makes it unnecessary

Answer: E

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

103) All of these are pitfalls an organization should avoid in strategic planning EXCEPT

- A) using plans as a standard for measuring performance.
- B) using strategic planning to gain control over decisions and resources.
- C) failing to involve key employees in all phases of planning.
- D) too hastily moving from mission development to strategy formulation.
- E) being so formal in planning that flexibility and creativity are stifled.

Answer: A

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

104) Which of the following is NOT a pitfall an organization should avoid in strategic planning?

- A) Failing to communicate the plan to employees
- B) Involving all managers rather than delegating planning to a "planner"
- C) Top managers not actively supporting the strategic-planning process
- D) Doing strategic planning only to satisfy accreditation or regulatory requirements
- E) Failing to create a collaborative climate supportive of change

Answer: B

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

105) Which of the following statements is NOT true?

- A) Open-mindedness is an important guideline for effective strategic management.
- B) Strategic management must become a self-perpetuating bureaucratic mechanism.
- C) No organization has unlimited resources.
- D) Strategic decisions require trade-offs.
- E) Strategic management must be a self-reflective learning process.

Answer: B

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

106) All of the following are guidelines for effective strategic planning EXCEPT

- A) it should be simple and nonroutine.
- B) it should be a learning process for all managers and employees.
- C) it should be a paper process more than a people process.
- D) it should not disregard qualitative information.
- E) it should not be a formal system for control.

Answer: C

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

107) What is NOT a guideline given for effective strategic planning?

- A) Continually strengthen the "good ethics is good business" policy.
- B) It should not include jargon or arcane planning language.
- C) It should not be too formal, predictable, or rigid.
- D) It should welcome bad news.
- E) It should be controlled by "technicians."

Answer: E

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

108) Which of the following statements is FALSE?

- A) No organization can pursue all the strategies that potentially could benefit the firm.
- B) Most organizations today recognize that strategic-management concepts and techniques can enhance the effectiveness of decisions.
- C) A key role of strategists is to facilitate continuous organizational learning and change.
- D) Effective strategic planning should accept the assumptions underlying the current corporate strategy.
- E) Even the most technically perfect strategic plan will serve little purpose if it is not implemented.

Answer: D

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

109) Terms such as objectives, mission, strengths, and weaknesses were first formulated to address problems

- A) on the battlefield.
- B) in the boardroom.
- C) on the trading floor.
- D) in the military hierarchy.
- E) in interpersonal relationships.

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

110) According to Webster's New World Dictionary, _____ is "the science of planning and directing large-scale military operations, of maneuvering forces into the most advantageous position prior to actual engagement with the enemy."

- A) competitive advantage
- B) war
- C) strategy
- D) formulation
- E) business

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

111) Business or military success is

- A) generally the happy result of accidental strategies.
- B) undermined by the element of surprise.
- C) the product of both attention to changing external and internal conditions and the insightful adaptations to those conditions.
- D) unrelated to external conditions.
- E) none of the above.

Answer: C

Diff: 2

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

112) Superior strategy formulation and implementation _____ an opponent's superiority in numbers and resources.

- A) are irrelevant to
- B) are not enough to surmount
- C) can overcome
- D) can lead to
- E) unite

Answer: C

Diff: 1

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

113) A strong _____ heritage underlies the study of strategic management.

- A) military
- B) government
- C) political
- D) social
- E) cultural

Answer: A

Diff: 1

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

114) Military strategy is based on an assumption of _____, whereas business strategy is based on an assumption of _____.

- A) conflict; cooperation
- B) conflict; competition
- C) cooperation; conflict
- D) competition; conflict
- E) cooperation; competition

Answer: B

Diff: 2

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

115) Both business and military organizations must _____ and _____ to be successful.

- A) be impervious to change; continually improve
- B) adapt to change; continually improve
- C) shun change; stay the course
- D) be impervious to change; stay the course
- E) none of the above

Answer: B

Diff: 1

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

116) The strategic-management process is becoming more widely used by

- A) small firms.
- B) nonprofit institutions.
- C) governmental organizations.
- D) multinational conglomerates.
- E) all of the above

Answer: E

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

117) Organizations should take a(n) _____ approach in their industry.

- A) adversarial rather than a collegial
- B) collegial rather than an adversarial
- C) reactive rather than a proactive
- D) proactive rather than a reactive
- E) cooperative rather than a competitive

Answer: D

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

118) The strategic-management process represents a(n) _____, _____, and _____ approach for determining an enterprise's future direction.

- A) logical; systematic; subjective
- B) intuitive; disorganized; subjective
- C) logical; systematic; objective
- D) intuitive; disorganized; objective
- E) inconsistent; systematic; subjective

Answer: C

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

119) Compare and contrast strategic planning with strategic management.

Answer: The term "strategic planning" is more often used in the business world, whereas "strategic management" is often used in academia. Sometimes, strategic management is used to refer to strategy formulation, implementation and evaluation, with strategic planning referring only to strategy formulation. The purpose of strategic management is to exploit and create new and different opportunities for tomorrow; long-range planning, in contrast, tries to optimize for tomorrow the trends of today.

Diff: 1

AACSB: Written and oral communication

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

120) Which stage in the strategic-management process is most difficult? Explain why.

Answer: Strategy implementation is the most difficult stage in the strategic-management process because it requires personal discipline, commitment and sacrifice. Successful strategy implementation hinges upon managers' ability to motivate employees, which is more of an art than a science. Interpersonal skills are especially critical for successful strategy implementation.

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

121) Explain the relationship between strategic management and competitive advantage for firms. How can a firm achieve sustained competitive advantage?

Answer: Strategic management is all about gaining and maintaining competitive advantage. Competitive advantage is anything a firm does especially well compared to rival firms. When a firm can do something that rival firms cannot do, or owns something that rival firms desire, that can represent a competitive advantage. Getting and keeping competitive advantage is essential for long-term success of an organization. A firm must strive to achieve sustained competitive advantage by

1: continually adapting to changes in external trends and events and internal capabilities, competencies and resources, and by

2: effectively formulating, implementing and evaluating strategies that capitalize upon those factors.

Diff: 2

Objective: 1.08 Discuss how a firm may achieve sustained competitive advantage.

Learning Outcome: Discuss strategies that companies use to acquire and maintain competitive advantages

122) Define what strategists are. Describe what they do in an organization.

Answer: Strategists are individuals who are most responsible for the success or failure of an organization. They help an organization gather, analyze and organize information. They track industry and competitive trends, develop forecasting models and scenario analyses, identify business threats and develop creative action plans. Strategic planners usually serve in a support or staff role. Usually found in higher levels of management, they typically have considerable authority for decision making in the firm. In the last few years, the position of chief strategy officer (CSO) has emerged as a new addition to the top management ranks of many organizations. This corporate officer title represents recognition of the growing importance of strategic planning in business.

Diff: 2

Objective: 1.01 Discuss the nature and role of a chief strategy officer (CSO).

Learning Outcome: Define strategic management and identify its basic concepts

123) Define and discuss the differences between vision and mission statements.

Answer: Many organizations today develop a vision statement that answers the question "What do we want to become?" Developing a vision statement is often considered the first step in strategic planning, preceding even development of a mission statement. Many vision statements are a single sentence. For example, the vision statement of Stokes Eye Clinic in Florence, South Carolina, is "Our vision is to take care of your vision." Mission statements are "enduring statements of purpose that distinguish one business from other similar firms. A mission statement identifies the scope of a firm's operations in product and market terms." It addresses the basic question that faces all strategists: "What is our business?" A clear mission statement describes the values and priorities of an organization. Developing a mission statement compels strategists to think about the nature and scope of present operations and to assess the potential attractiveness of future markets and activities. A mission statement broadly charts the future direction of an organization.

Diff: 2

AACSB: Written and oral communication

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

124) Discuss some forces that influence the formality of strategic-management systems.

Answer: Application of the strategic-management process is typically more formal in larger and well-established organizations. Formality refers to the extent that participants, responsibilities, authority, duties, and approach are specified. Smaller businesses tend to be less formal. Firms that compete in complex, rapidly changing environments, such as technology companies, tend to be more formal in strategic planning. Firms that have many divisions, products, markets and technologies also tend to be more formal in applying strategic-management concepts. Greater formality in applying the strategic-management process is usually positively related with the cost, comprehensiveness, accuracy and success of planning across all types and sizes of organizations.

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

125) List five nonfinancial benefits of a firm using strategic management, according to Greenley.

Answer: There are eight benefits stated by Greenley. Students are to list any five of the following: 1. increased discipline; 2. improved coordination; 3. enhanced communication; 4. reduced resistance to change; 5. increased forward thinking; 6. improved decision-making; 7. increased synergy; 8. more effective allocation of time and resources.

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

126) Give at least seven reasons given for why some firms do no strategic planning.

Answer: Ten reasons are stated; students should list any seven: 1. no formal training in strategic management; 2. no understanding of or appreciation for the benefits of planning; 3. no monetary rewards for doing planning; 4. no punishment for not planning; 5. too busy "firefighting" (resolving internal crises) to plan ahead; 6. to view planning as a waste of time, since no product/service is made; 7. laziness; effective planning takes time and effort; time is money; 8. content with current success; failure to realize that success today is not guarantee for success tomorrow; even Apple Inc. is an example; 9. overconfident; 10. prior bad experience with strategic planning done sometime/somewhere.

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

127) What are the pitfalls in strategic planning that management in an organization should watch out for or avoid? Identify any five pitfalls.

Answer: There are 13 pitfalls. Students should list any five of the following: 1. using strategic planning to gain control over decisions and resources; 2. doing strategic planning only to satisfy accreditation or regulatory requirements; 3. too hastily moving from mission development to strategy formulation; 4. failing to communicate the plan to employees, who continue to work in the dark; 5. top managers making many intuitive decisions that conflict with the formal plan; 6. top managers not actively supporting the strategic-planning process; 7. failing to use plans as a standard for measuring performance; 8. delegating planning to a "planner" rather than involving all managers; 9. failing to involve key employees in all phases of planning; 10. failing to create a collaborative climate supportive of change; 11. viewing planning to be unnecessary or unimportant; 12. becoming so engrossed in current problems that insufficient or no planning is done; and 13. being so formal in planning that flexibility and creativity are stifled.

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

128) Discuss the importance of the implementation phase of strategic management.

Answer: Some organizations spend an inordinate amount of time developing a strategic plan, but then fail to follow through with the effective implementation. Change and results in a firm come through implementation, not through formulation, although effective formulation is critically important for successful implementation. Continual evaluation of strategies is also essential because the world changes so rapidly that existing strategies can need modifying often.

Diff: 2

Objective: 1.05 Describe the nature of strategy formulation, implementation, and evaluation activities.

Learning Outcome: Define strategic management and identify its basic concepts

129) Discuss the value of integrating intuition and analysis.

Answer: Most organizations can benefit from strategic management, which is based on integrating intuition and analysis in decision making. Choosing an intuitive or analytic approach to decision making is not an either-or proposition. Managers at all levels in an organization inject their intuition and judgment into strategic-management analyses. Analytical thinking and intuitive thinking complement each other.

Operating from the "I've-already-made-up-my-mind-don't-bother-me-with-the-facts" mode is not management by intuition; it is management by ignorance. Drucker says, "I believe in intuition only if you discipline it. 'Hunch' artists, who make a diagnosis but don't check it out with facts, are the ones in medicine who kill people, and in management kill businesses." In a sense, the strategic-management process is an attempt both to duplicate what goes on in the mind of a brilliant, intuitive person who knows the business, and assimilates and integrates that knowledge using analysis to formulate effective strategies.

Diff: 2

Objective: 1.03 Explain the need for integrating analysis and intuition in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

130) Compare and contrast business and military strategy.

Answer: Business and military strategy are very similar. A key aim of both business and military strategy is "to gain competitive advantage." They both also try to use their own strengths to exploit competitor's weaknesses. Success is not the happy result of accidental strategies in either business or military organizations. The element of surprise provides great competitive advantages in both military and business strategy. Information systems that provide data on opponents' or competitors' strategies and resources are also vitally important. Finally, both business and military organizations must adapt to change and constantly improve to be successful.

While business and military strategy are the same in many ways, they have one major difference—business strategy is formulated, implemented and evaluated with an assumption of competition, whereas military strategy is based on an assumption of conflict.

Diff: 2

Objective: 1.07 Discuss the relevance of Sun Tzu's The Art of War to strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

131) What are some external opportunities and threats that face many firms?

Answer: Some of the opportunities and threats are: availability of capital can no longer be taken for granted; consumers expect green operations and products; marketing is moving rapidly to the Internet; global markets offer the highest growth in revenues; commodity food prices are increasing; political unrest in the Middle East is raising oil prices; computer hacker problems are increasing; intense price competition is plaguing most firms; unemployment and underemployment rates remain high globally; interest rates are rising; product life cycles are becoming shorter; state and local governments are financially weak; drug cartel-related violence in Mexico; winters are colder and summers hotter than usual; home prices remain exceptionally low; global markets offer the highest growth in revenues.

Diff: 2

Objective: 1.04 Define and give examples of key terms in strategic management.

Learning Outcome: Define strategic management and identify its basic concepts