

Strategic Management, 15e, Global Edition (David/David)
Chapter 8 Strategy Generation and Selection

1) An organization's present strategies, objectives and mission, coupled with the external and internal audit information, provide a basis for generating and evaluating feasible alternative strategies.

Answer: TRUE

Diff: 1

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

2) Alternative strategies don't come out of the blue; they are derived from the firm's vision, mission, and objectives.

Answer: TRUE

Diff: 2

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

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

3) It is vital that strategists always consider all feasible alternatives that could benefit the firm.

Answer: FALSE

Diff: 2

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

4) The first stage of the strategy-formulation framework is the input stage, and it is directly followed by the decision stage.

Answer: FALSE

Diff: 1

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

5) Stage 2 in the strategy-formulation framework involves the Quantitative Strategic Planning Matrix.

Answer: FALSE

Diff: 2

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

6) The Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, the Strategic Position and Action Evaluation (SPACE) Matrix, the Boston Consulting Group (BCG) Matrix, the Internal-External (IE) Matrix, and the Grand Strategy Matrix are included in stage two of the strategy-formulation framework.

Answer: TRUE

Diff: 3

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

7) Good intuitive judgment is always needed to determine appropriate weights and ratings in the input stage matrices.

Answer: TRUE

Diff: 2

Objective: 8.04 Discuss the role of intuition in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

8) When completing the matching stage of the strategy-formulation framework, the SWOT Matrix needs to be completed before the SPACE Matrix.

Answer: FALSE

Diff: 3

AACSB: Analytical Thinking

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

9) The purpose of matching key factors is to generate feasible alternative strategies.

Answer: TRUE

Diff: 1

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

10) Strengths-opportunities strategies are based on using a firm's internal strengths to take advantage of external opportunities.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

11) A SWOT Matrix is composed of four cells for the four types of strategies it creates.

Answer: FALSE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

12) One of the steps of the SWOT Matrix is to list the firm's key external opportunities.

Answer: TRUE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

13) The SWOT matrix, if used appropriately, does not have any limitations.

Answer: FALSE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

14) The most important determinants of an organization's overall strategic position are considered to be the two internal dimensions, financial position (FP) and competitive position (CP), and the two external dimensions, industry position (IP) and stability position (SP).

Answer: TRUE

Diff: 3

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

15) The four strategies of the SPACE Matrix are aggressive, conservative, offensive and defensive.

Answer: FALSE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

16) Market penetration can be classified as either a conservative, aggressive, or competitive strategy.

Answer: TRUE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

17) The SP and CP dimension variables in a SPACE Matrix are assigned a numerical value ranging from -1 (best) to -7 (worst).

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

18) Conservative strategies in a SPACE Matrix most often include product development, market development, market penetration, and related diversification.

Answer: TRUE

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

19) The firm should pursue conservative strategies if the coordinates of a SPACE directional vector are (-1, +4).

Answer: TRUE

Diff: 3

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

20) A firm should pursue defensive strategies if the coordinates of a SPACE directional vector are (+2, +3).

Answer: FALSE

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

21) The firm should pursue aggressive strategies if the coordinates of a SPACE directional vector are (+5, +4).

Answer: TRUE

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

22) Relative market share position is given on the x-axis of the BCG Matrix.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define strategic management and identify its basic concepts

23) The midpoint on the x-axis of a BCG Matrix is typically set at 0.05.

Answer: FALSE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

24) The size of the circle in a BCG Matrix corresponds to the proportion of corporate revenue generated by that business unit.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

25) In a BCG Matrix the pie slice indicates the proportion of corporate profits generated by that division.

Answer: TRUE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

26) Stars, Question Marks, Cash Cows, and Dogs are the four quadrants exhibited by the BCG Matrix.

Answer: TRUE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

27) Cash Cows represent the organization's best long-run opportunities for growth and profitability.

Answer: FALSE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

28) The major benefit of the BCG Matrix is that it draws attention to the cash flow, investment characteristics, and needs of an organization's various divisions.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

29) Viewing every business as either a Star, Cash Cow, Dog, or Question Mark is an oversimplification.

Answer: TRUE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

30) The BCG Matrix does not reflect whether or not various divisions or their industries are growing over time.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

31) Having no temporal qualities, the BCG Matrix is a snapshot of an organization at a given point in time.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

32) Both IE and BCG Matrices are called portfolio matrices.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

33) The BCG Matrix requires more information about the divisions than the IE Matrix.

Answer: FALSE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

34) On the x-axis of the IE Matrix, an IFE total weighted score of 2.5 represents a weak internal position.

Answer: FALSE

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

35) The IE Matrix can be divided into three major regions that have different strategy implications: grow and build, hold and maintain, and harvest or divest.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

36) The Grand Strategy Matrix is based on two evaluative dimensions, market share and market growth.

Answer: FALSE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

37) According to the Grand Strategy Matrix, when a Quadrant I firm is too heavily committed to a single product, then related diversification may reduce the risks associated with a narrow product line.

Answer: TRUE

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

38) According to the Grand Strategy Matrix, Quadrant III organizations compete in rapid-growth industries and have strong competitive positions.

Answer: FALSE

Diff: 3

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

39) To objectively evaluate feasible alternative strategies identified in Stage 2, the QSPM uses input information derived from Stage 1.

Answer: TRUE

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

40) Step 1 of a QSPM assigns weights to each key external and internal factor.

Answer: FALSE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

41) Total attractiveness scores are defined as the sum of the attractiveness scores in a given column of the QSPM and are computed in the second step of the QSPM.

Answer: FALSE

Diff: 3

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

42) A positive feature of QSPM is that sets of strategies can be examined sequentially or simultaneously.

Answer: TRUE

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

43) One positive feature of QSPM is that it does not require intuitive judgments and educated assumptions.

Answer: FALSE

Diff: 2

Objective: 8.04 Discuss the role of intuition in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

44) Culture includes the set of shared values, beliefs, attitudes, customs, norms, personalities, heroes, and heroines that describe a firm.

Answer: TRUE

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 8.05 Discuss the role of organizational culture in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

45) Strategy changes may be highly effective and productive if a supportive culture does not exist.

Answer: FALSE

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 8.05 Discuss the role of organizational culture in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

46) Whenever two firms merge, it becomes especially important to evaluate and consider culture-strategies linkages.

Answer: TRUE

Diff: 1

AACSB: Interpersonal relations and teamwork

Objective: 8.05 Discuss the role of organizational culture in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

47) Successful strategists minimize their own political exposure on issues that are highly controversial and in circumstances where opposition from major power centers is likely.

Answer: TRUE

Diff: 1

Objective: 8.05 Discuss the role of organizational culture in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

48) Trying to achieve optimal results with an unpopular strategy is always better than achieving satisfactory results with a popular strategy.

Answer: FALSE

Diff: 2

Objective: 8.03 Identify important behavioral, political, ethical, and social responsibility considerations in strategy analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

49) Shifting focus from specific issues to more general ones may increase strategists' options for gaining organizational commitment.

Answer: TRUE

Diff: 1

Objective: 8.03 Identify important behavioral, political, ethical, and social responsibility considerations in strategy analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

50) The trend in the U.S. is toward larger boards, with an average of 18 members being the norm.

Answer: FALSE

Diff: 2

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices

51) Today boards of directors are composed mostly of outsiders who are becoming more involved in an organization's strategic management.

Answer: TRUE

Diff: 2

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices

52) The Sarbanes-Oxley Act put an end to the "country-club" atmosphere of most boards and has shifted power from CEOs to directors.

Answer: TRUE

Diff: 2

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices

53) Strategy analysis and choice largely involves making _____ decisions based on _____ information.

A) long-term; short-term

B) subjective; objective

C) short-term; long-term

D) subjective; short-term

E) objective; subjective

Answer: B

Diff: 1

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

54) Which stage in the strategy-formulation framework focuses on generating feasible alternative strategies?

A) Input

B) Output

C) Decision

D) Throughput

E) Matching

Answer: E

Diff: 2

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

55) Which stage of the strategy-formulation framework involves the Quantitative Strategic Planning Matrix?

- A) Stage 1
- B) Stage 2
- C) Stage 3
- D) Stage 4
- E) Stage 5

Answer: C

Diff: 2

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

56) Which strategy-formulation technique reveals the relative attractiveness of alternative strategies and thus provides an objective basis for selecting specific strategies?

- A) SWOT
- B) SPACE
- C) QSPM
- D) IFE
- E) CPM

Answer: C

Diff: 2

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

57) Each of the nine techniques included in the strategy formulation framework rely on the use of

- A) strictly factual data.
- B) luck.
- C) financial formulas and statistics.
- D) intuition and analysis.
- E) synergy.

Answer: D

Diff: 3

Objective: 8.04 Discuss the role of intuition in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

58) Which stage of the strategy-formulation framework includes an IFE Matrix and a Competitive Profile Matrix?

- A) Input
- B) Matching
- C) Decision
- D) Penetration
- E) Research

Answer: A

Diff: 1

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Compare and contrast different business-level strategies

59) Which stage of the strategy-formulation framework contains the IFE Matrix?

- A) Input stage
- B) Analysis stage
- C) Matching stage
- D) Decision stage
- E) Output stage

Answer: A

Diff: 1

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

60) The match an organization makes between its internal resources and skills and the opportunities and risks created by its external factors can be defined as

- A) input.
- B) concept formulation.
- C) strategy.
- D) SWOT.
- E) weakness.

Answer: C

Diff: 2

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

61) Which section of the SWOT Matrix involves matching internal strengths with external opportunities?

- A) The WT cell
- B) The SW cell
- C) The WO cell
- D) The ST cell
- E) The SO cell

Answer: E

Diff: 3

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

62) Which strategies aim at improving internal weaknesses by taking advantage of external opportunities?

- A) SO
- B) WO
- C) SW
- D) ST
- E) WT

Answer: B

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

63) Which strategies use a firm's strengths to avoid or reduce the impact of external threats?

- A) SO
- B) WO
- C) SW
- D) ST
- E) WT

Answer: D

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

64) Which strategies are defensive tactics directed at reducing internal weaknesses and avoiding external threats?

- A) SO
- B) WO
- C) SW
- D) ST
- E) WT

Answer: E

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

65) How many cells are in a SWOT Matrix?

- A) Two
- B) Four
- C) Six
- D) Eight
- E) Nine

Answer: E

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

66) Which of the following is NOT one of the steps involved in constructing a SWOT Matrix?

- A) List the firm's key external threats.
- B) Match internal strengths with external opportunities, and record the resultant SO strategies in the appropriate cell.
- C) Match internal weaknesses with external threats, and record the resultant WT strategies.
- D) List the firm's external weaknesses.
- E) List the firm's external opportunities.

Answer: D

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

67) Which of the following is a limitation associated with a SWOT Matrix?

- A) Viewing every business as a Star, Cash Cow, Dog, or Question Mark is an oversimplification.
- B) Many businesses fall right in the middle of the matrix.
- C) It is a static assessment in time.
- D) Other variables besides relative market share position and industry growth rate in sales need to be considered.
- E) The matrix does not reflect whether or not various divisions or their industry are growing over time.

Answer: C

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

68) Which of these is NOT a SPACE Matrix quadrant?

- A) Aggressive
- B) Defensive
- C) Competitive
- D) Offensive
- E) Conservative

Answer: D

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

69) What type of strategy would divestiture be classified as?

- A) Aggressive
- B) Defensive
- C) Competitive
- D) Offensive
- E) Conservative

Answer: B

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

70) The two internal dimensions represented on the axes of the SPACE Matrix are

- A) stability position and industry position.
- B) industry position and internationalization.
- C) internationalization and competitive position.
- D) competitive position and financial position.
- E) financial position and stability position.

Answer: D

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

71) What are the two external dimensions of the SPACE Matrix?

- A) Stability position and industry position
- B) Stability position and competitive position
- C) Industry position and competitive position
- D) Competitive position and financial position
- E) Financial position and industry position

Answer: A

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

72) The two positive-rated dimensions on the SPACE Matrix are

- A) FP and CP.
- B) CP and SP.
- C) FP and IP.
- D) IP and SP.
- E) FP and SP.

Answer: C

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

73) What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-2, +3)?

- A) Aggressive
- B) Conservative
- C) Competitive
- D) Defensive
- E) Integrative

Answer: B

Diff: 3

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

74) In the SPACE analysis, what does a (+6, +3) strategy profile portray?

- A) A strong industry position
- B) An unstable environment
- C) A stable environment
- D) A weak industry position
- E) A weak financial position

Answer: A

Diff: 3

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

75) The BCG Matrix is designed specifically to enhance which type of firm's efforts to formulate strategies?

- A) Companies with more than one division
- B) Large companies
- C) Companies with annual sales greater than \$1 million
- D) Companies with annual sales of less than \$1 million
- E) All companies

Answer: A

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

76) In the BCG Matrix, which element represents the industry growth rate in sales, measured in percentage terms?

- A) x-axis
- B) y-axis
- C) first quadrant
- D) second quadrant
- E) third quadrant

Answer: B

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

77) In the BCG Matrix, how would a division with a low relative market share position in a high growth industry be described?

- A) Question Mark
- B) Cash Cow
- C) Star
- D) Stuck-in-the-middle
- E) Dog

Answer: A

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

78) In the BCG Matrix, when a division of an organization has a high relative market share and is in a fast-growing industry, it is called a

- A) Star.
- B) Cash Cow.
- C) Cat.
- D) Question Mark.
- E) Dog.

Answer: A

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

79) In the BCG Matrix, a division with a high relative market share position in a low-growth industry can be described as a

- A) Star.
- B) Cash Cow.
- C) Question Mark.
- D) Dog.
- E) Failure.

Answer: B

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

80) In the BCG Matrix, which strategy would be most appropriate for a division classified as a Dog?

- A) Market penetration
- B) Market development
- C) Product development
- D) Retrenchment
- E) Forward integration

Answer: D

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

81) Forward integration would be an appropriate strategy for which of the following types of divisions in the BCG Matrix?

- A) Dogs
- B) Failures
- C) Question Marks
- D) Cat
- E) Star

Answer: E

Diff: 1

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

82) In the BCG Matrix, a division that has a low relative market share position and competes in a slow-growth industry is referred to as a

- A) Dog.
- B) Question Mark.
- C) Star.
- D) Cash Cow.
- E) Cowboy.

Answer: A

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

83) All of the following are limitations of the BCG Matrix EXCEPT

- A) viewing every business as a star, cash cow, dog or question mark can be an oversimplification.
- B) the Matrix requires at least three years worth of data.
- C) the Matrix does not reflect divisional or industry growth over time.
- D) the Matrix does not allow a company to be classified as somewhere in between two categories.
- E) variables such as size of market and competitive advantages are not considered in the Matrix.

Answer: B

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

84) Which of the following analytical tools consists of a nine-cell matrix?

- A) BCG Matrix
- B) Competitive Profile Matrix
- C) SPACE Matrix
- D) Grand Strategy Matrix
- E) Internal-External Matrix

Answer: E

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

85) What analytical tool has four quadrants based on two dimensions: competitive position and market growth?

- A) Competitive Profile Matrix
- B) Internal-External Matrix
- C) SPACE Matrix
- D) Grand Strategy Matrix
- E) QSPM

Answer: D

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

86) Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?

- A) I
- B) II
- C) III
- D) IV
- E) V

Answer: A

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

87) According to the Grand Strategy Matrix, which strategy is recommended for a firm with rapid market growth and a strong competitive position?

- A) Market penetration
- B) Unrelated diversification
- C) Joint venture
- D) Retrenchment
- E) Liquidation

Answer: A

Diff: 3

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

88) For companies located in Quadrant III of the Grand Strategy Matrix, the first strategy recommended is

- A) extensive cost and asset reduction.
- B) asset expansion.
- C) employee expansion.
- D) immediate liquidation of assets.
- E) divestiture.

Answer: A

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

89) Although Quadrant _____ companies are growing, according to the Grand Strategy Matrix they are unable to compete effectively, and they need to determine why the firm's current approach is ineffective and how the company can best change to improve its competitiveness.

- A) I
- B) II
- C) III
- D) IV
- E) V

Answer: B

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

90) According to the Grand Strategy Matrix, organizations in which quadrant have a strong competitive position but are in a slow-growth industry?

- A) I
- B) II
- C) III
- D) IV
- E) V

Answer: D

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

91) Which matrix is included in the decision stage of the strategy formulation framework?

- A) Internal Factor Evaluation Matrix
- B) Quantitative Strategic Planning Matrix
- C) Boston Consulting Group Matrix
- D) Grand Strategy Matrix
- E) Strategic Position and Action Evaluation Matrix

Answer: B

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

92) The top row of a QSPM consists of alternative strategies derived from all of the following EXCEPT

- A) Grand Strategy Matrix.
- B) BCG Matrix.
- C) SPACE Matrix.
- D) CPM Matrix
- E) IE Matrix.

Answer: D

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

93) Which analytical tool determines the relative attractiveness of various strategies based on the extent to which key external and internal critical success factors are capitalized upon or improved?

- A) BCG Matrix
- B) SPACE Matrix
- C) SWOT Matrix
- D) IE Matrix
- E) QSPM

Answer: E

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

94) Which of the following is the first step in developing a QSPM?

- A) Compute the Total Attractiveness Scores.
- B) Examine the Stage 2 matrices and identify alternative strategies the organization should consider implementing.
- C) Assign weights to each key external and internal factor.
- D) Determine the Attractiveness Scores.
- E) Make a list of the firm's key external opportunities and threats and internal strengths and weaknesses in the left column of the QSPM.

Answer: E

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

95) What term is defined as the product of multiplying the weights by the Attractiveness Scores in each row of the QSPM?

- A) Total Attractiveness Scores
- B) Sum Total Scores
- C) Weighted Scores
- D) Total Weighted Scores
- E) Factors

Answer: A

Diff: 3

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

96) What is the highest number of strategies that can be examined at one time with the QSPM?

- A) 1
- B) 2
- C) 5
- D) 10
- E) There is no limit.

Answer: E

Diff: 1

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

97) Which of these is a limitation of QSPM?

- A) Only a few strategies can be evaluated at once.
- B) It is prohibitively expensive.
- C) It requires intuitive judgments and educated assumptions.
- D) Strategies cannot be examined sequentially.
- E) It makes it more likely that key factors will be overlooked or weighted inappropriately.

Answer: C

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

98) _____ includes the set of shared values, beliefs, attitudes, customs, norms, personalities, heroes and heroines that describe a firm.

- A) Strategy
- B) Culture
- C) Mission
- D) Objectives
- E) QSPM

Answer: B

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 8.05 Discuss the role of organizational culture in strategic analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

99) An effective way to gain commitment and achieve desired results is to

- A) emphasize that imposing a particular method is more important than achieving desired results.
- B) shift from specific to general issues and concerns.
- C) eliminate middle level managers from strategic decisions.
- D) switch from long-term to short-term issues and concerns.
- E) realize that it's better to achieve optimal results with an unpopular strategy than to achieve satisfactory results with a popular strategy.

Answer: B

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 8.03 Identify important behavioral, political, ethical, and social responsibility considerations in strategy analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

100) Which board of director's duty falls under the category of control and oversight over management?

- A) select new directors
- B) pass bylaws and related resolutions
- C) select the CEO
- D) maintain good public image
- E) ensure equitable stockholder representation

Answer: C

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices

101) The act of oversight and direction for an organization is referred to as

- A) corporate lawmaking.
- B) centralized control.
- C) organizational direction.
- D) establishing norms.
- E) governance.

Answer: E

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices

102) Today, boards of directors are composed mostly of

- A) outsiders.
- B) management.
- C) union members.
- D) company employees.
- E) past executives.

Answer: A

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices

103) All of the following are principles of good organizational governance, as established by Businessweek, EXCEPT

- A) each director attends at least 75 percent of all meetings.
- B) the audit, compensation and nominating committees are made up solely of outside directors.
- C) each director owns a large equity stake in the company.
- D) at least three directors are current or former company executives.
- E) the CEO is not also the Chairperson of the Board.

Answer: D

Diff: 3

AACSB: Ethical understanding and reasoning

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices

104) Explain the concept of matching in the strategy formulation framework. Give at least three examples of matching.

Answer: Matching external and internal critical success factors is the key to effectively generating feasible alternative strategies. See Table 6-1 for examples of matching.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.01 Describe a three-stage framework for choosing among alternative strategies.

Learning Outcome: Define corporate strategy and identify its key elements

105) If you construct a SPACE Matrix and the directional vector points to the lower left quadrant, what type of strategies would you recommend? Give several examples.

Answer: If the directional vector points to the lower-left quadrant of the SPACE Matrix, students should suggest defensive strategies. Defensive strategies include retrenchment, divestiture, liquidation, and related diversification.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

106) Give five sets of coordinates of SPACE Matrix directional vectors that would suggest conservative strategies to be most appropriate.

Answer: Student answers will vary. However, five examples they may suggest are (-1, 1), (-2, 2), (-3, 3), (-4, 4), and (-5, 5). Any pair of coordinates with a negative x-coordinate and a positive y-coordinate is correct, in other words, any pair of coordinates that describe a point in the upper-left quadrant.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

107) In a BCG Matrix, all divisions are classified as either Question Marks, Stars, Cash Cows, or Dogs. Define each of these terms.

Answer: Question Marks have a low relative market share position, yet they compete in a high-growth industry. Stars represent the organization's best long-run opportunities for growth and profitability, having a high relative market share and a high industry growth rate. Cash Cows have a high relative market share position but compete in a low-growth industry. Dogs have a low relative market share position and compete in a slow- or no-market-growth industry.

Diff: 2

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

108) Compare and contrast the IE Matrix with the BCG Matrix.

Answer: The IE Matrix is similar to the BCG Matrix in that both tools involve plotting organizational divisions in a schematic diagram. Also, the size of each circle represents the percentage sales contribution of each division, and pie slices reveal the percentage profit contribution of each division in both the BCG and IE Matrix.

Some important differences between the IE Matrix and the BCG Matrix include: 1) different axes; 2) the IE Matrix requires more information about the divisions than the BCG Matrix; and 3) the strategic implications of each matrix are different.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

109) Explain the benefits and limitations of developing a Boston Consulting Group Matrix.

Answer: The major benefit of the BCG Matrix is that it draws attention to the cash flow, investment characteristics, and needs of an organization's various divisions.

The BCG Matrix has some limitations: 1) Viewing every business as either a Star, Cash Cow, Dog or Question Mark is an oversimplification; many businesses fall right in the middle of the BCG Matrix and thus are not easily classified; 2) the BCG Matrix does not reflect whether or not various divisions or their industries are growing over time; that is, the matrix has no temporal qualities, but rather it is a snapshot of an organization at a given point in time; and 3) other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

110) Using a Grand Strategy Matrix approach, what strategies are recommended for a firm that is a weak competitor in a slow-growing market? Elaborate on what these strategies could mean for a college or university.

Answer: A firm that is a weak competitor in a slow-growing market would be located in Quadrant III. Quadrant III strategies include retrenchment, diversification, divestiture, and liquidation.

Student answers will vary when elaborating on what these strategies could mean for a college or university. However, students should mention that the college or university could possibly have to be closed. Faculty and/or staff might have to be greatly reduced, which could lead to unhappy students in very large classes.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

111) Describe the positive features and limitations of QSPM.

Answer: There are three positive features of QSPM: 1) Sets of strategies can be examined sequentially or simultaneously; 2) there is no limit to the number of strategies that can be evaluated or the number of sets of strategies that can be examined at once using the QSPM; and 3) the last positive feature is that it requires strategists to integrate pertinent external and internal factors into the decision process.

The QSPM is not without some limitations: 1) It always requires intuitive judgments and educated assumptions; 2) The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information; and 3) it can be only as good as the prerequisite information and matching analyses upon which it is based.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.02 Explain how to develop a Strengths-Weaknesses-Opportunities-Threats (SWOT) Matrix, Strategic Position and Action Evaluation (SPACE) Matrix, Boston Consulting Group (BCG) Matrix, Internal-External (IE) Matrix, and Quantitative Strategic Planning Matrix (QSPM).

Learning Outcome: Define corporate strategy and identify its key elements

112) Describe some tactics used by politicians that can also aid strategists.

Answer:

1. Achieving desired results is more important than imposing a particular method, so consider various methods and choose, whenever possible, the one(s) that will afford the greatest commitment from employees/managers.
2. Achieving satisfactory results with a popular strategy is generally better than trying to achieve optimal results with an unpopular strategy.
3. An effective way to gain commitment and achieve desired results is oftentimes to shift from specific to general issues and concerns.
4. An effective way to gain commitment and achieve desired results is oftentimes to shift from short-term to long-term issues and concerns.
5. Middle level managers must be genuinely involved in and supportive of strategic decisions because successful implementation will hinge on their support.

Diff: 2

AACSB: Analytical Thinking

Objective: 8.03 Identify important behavioral, political, ethical, and social responsibility considerations in strategy analysis and choice.

Learning Outcome: Define corporate strategy and identify its key elements

113) Discuss the appropriate role of a board of directors in an organization.

Answer: Some principles are: No more than two directors are current or former company executives. The audit, compensation and nominating committees are made up solely of outside directors. Each director owns a large equity stake in the company. Each director attends at least 75 percent of all meetings. The board meets regularly without management present and evaluates its own performance annually. The CEO is not also the Chairperson of the Board. There are no interlocking directorships (where a director or CEO sits on another director's board).

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 8.06 Discuss the role of a board of directors in choosing among alternative strategies.

Learning Outcome: Describe modern corporate governance practices