

Read the next statements and place T (True) for those you agree with and F for those you do not.

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

The most effective strategic planning process should be ritualistic, predictable, and formal. False

All firms have a strategy, even if it is informal, unstructured, and Sporadic. True

Strategic management allows an organization to be more proactive than reactive in shaping its own future. True

Strategists are most responsible for the success and failure of an organization. True

Indian do not feel compelled to follow rules that are not associated with a particular person in authority they work for or know well. False

Direct eye contact is impolite in Japan. True

MULTIPLE CHOICES: circle around the correct answer

8. 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.
9. 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.
 - f) None of the mentioned
10. Which of the following is NOT a typical characteristic of most Japanese managers?
- a) Reserved
 - b) Quiet
 - c) Distant
 - ☒ d) Impulsive
 - e) Introspective
 - f) None of the mentioned

MULTIPLE CHOICES: circle around the correct answer

8. 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.
9. Long-term objectives should be all of the following EXCEPT
- a) measurable.
 - ☒ b) continually changing.
 - c) reasonably challenging.
 - d) consistent.
 - e) None of the mentioned
10. Whereas informality, formality.
- _____ businesses embody individualism, achievement, competition, _____ businesses stress collectivism, continuity, cooperation, and
- a) Japanese; Mexican
 - b) Mexican; Japanese
 - c) Mexican; American
 - ☒ d) American; Mexican
 - e) Japanese; American

MULTIPLE CHOICES: circle around the correct answer

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9. Long-term objectives should be all of the following EXCEPT

- a) measurable.
- ☒ b) continually changing.
- c) reasonable.
- d) challenging.
- e) consistent.
- f) None of the mentioned

10. Whereas _____ businesses embody individualism, achievement, competition, and informality, _____ businesses stress collectivism, continuity, cooperation, and formality.

- ☒ a) Japanese; Mexican
- b) Mexican; Japanese
- c) Mexican; American
- ☒ d) American; Mexican
- e) Japanese; American

Carefully read the next statements and place T (True) for those you agree with and F (False) for those you do not.

1. Once a firm acquires a competitive advantage, they are usually able to sustain the competitive advantage indefinitely. *False*
2. The most effective strategic planning process should be ritualistic, predictable, and formal. *False*
3. All firms have a strategy, even if it is informal, unstructured, and Sporadic. *True*
4. Strategic management allows an organization to be more proactive than reactive in shaping its own future. *True*
5. Strategists are most responsible for the success and failure of an organization. *True*
6. Indian do not feel compelled to follow rules that are not associated with a particular person in authority they work for or know well. *False*
7. Direct eye contact is impolite in Japan. *True*

Carefully read the next statements and place T (True) for those you agree with (False) for those you do not.

1. Policy is the means by which long-term objectives will be achieved. False ✓
2. Anything the firm does especially well compared to rival firms could be considered a competitive advantage. True ✓
3. USA has the highest corporate tax rate among all nations in the world. True ✓
4. Keeping informed about the number and nature of competitors is more difficult when doing business internationally. True ✓
5. Strategy formulation considered to be the most difficult stage in strategic management. True X
6. Latin Americans are on average 20 minutes late to business appointments. False X
7. Most organizations can benefit from strategic management, which is based on integrating intuition and analysis in decision making. True ✓

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10. -----generally, do not trust the legal system and someone's word is often sufficient to reach an agreement.

- a. Chinese
- ☒ b. Indians
- c. Egyptian
- d. American
- e. Mexican
- f. Brazilian

11. In -----, business moves at a slow pace and society is extremely bureaucratic.

- ☒ a. Egypt
- b. America
- c. Mexico
- d. India
- e. China
- f. Brazil

12. ----- and ----- do not need a personal relationship to do business.

- ☒ a. Germans, Americans
- b. Japanese, Americans
- c. Chinese, Americans
- d. Mexican, Americans
- e. None of the mentioned

13. Based on the World Bank and the International Finance corporation in 2012, ----- is rated the best country on the plants for ease of doing business.

- ☒ a. Singapore
- ☒ b. USA
- ☒ c. Norway
- ☒ d. Germany
- ☒ e. Japan
- ☒ f. United Kingdom

19. ----- occurs when an organization has a distinctive competence but has failed consistently to meet its goals.

- a. Related diversification
- b. Horizontal integration
- c. Retrenchment
- d. Unrelated Diversification
- e. Product Development

X

20. ----- occurs when an organization's basic industry is experiencing declining annual sales and profits.

- a. Related diversification
- b. Horizontal integration
- c. Retrenchment
- d. Unrelated Diversification
- e. Product Development

X

21. ----- occurs when major competitors offer better-quality products at comparable prices.

- a. Product Development
- b. Related diversification
- c. Horizontal integration
- d. Retrenchment
- e. Unrelated Diversification

✓

Q3:- MULTIPLE CHOICES: circle around the correct answer

(21 points)

1. A ----- strategy can only be achieved with a large target market.

- ☒ a. Cost leadership
- b. Differentiation
- c. Focus
- d. a and b

2. ----- is a company's game plan.

- a. Vision statement
- b. Mission statement
- ☒ c. Strategic plan
- d. Long term objectives
- e. Annual objectives

3. ----- are an organization's controllable activities that are performed especially well or poorly.

- ☒ a. Weakness and strengths
- b. Opportunities and threats
- c. Strategic management pitfalls
- d. None of the mentioned

4. ----- occurs when two or more companies form a temporary partnership or consortium for the purpose of capitalizing on some opportunity.

- a. Retrenchment
- ☒ b. A joint venture
- c. Cooperation
- d. Merge
- e. Divestiture

5. ----- is the starting point of strategic intent.

- a. Objectives
- b. Goals
- c. Mission
- ☒ d. Vision
- e. Strategies

Group:

1. 0182350 حمزة أحمد القصير
2. 0164135 سمارة صالح العتيبي
3. 0177567 محمد خالد العتيبي
4. 0183795 زيد سالم فريخ
5. 0160593 عبد الرحمن أحمد الأسمر
6. 079079 قضي سعد النخعات

Instructions

What type of strategy best describes the 10 actions cited? Choose from among the following: forward integration, backward integration, horizontal integration, market penetration, market development, product development, related diversification, unrelated diversification, retrenchment, divestiture, and liquidation.

1. Amazon started producing and selling its own line of diapers. *unrelated diversification*
2. MillerCoors offers free delivery of Miller Lite in four U.S. cities for customers who order through its online store. *Forward Integration*
3. Sears is closing about 235 stores annually. *retrenchment*
4. The largest toymaker in the United States, Mattel, is struggling; therefore, it is introducing flashier and more educative toys. *Product Development*
5. German power utility E.ON SE sold its Spanish assets to Australia's Macquarie Group and Kuwait's sovereign-wealth fund for \$3.1 billion. *divestiture*
6. Target Corporation is closing all of its 133 stores in Canada and China. *Liquidation*
7. Coca-Cola recently axed 1,600 white-collar jobs globally as part of a cost-cutting move. *retrenchment*
8. Nissan has totally revamped its Titan full-size pickup truck with new features and options and style. *Product Development*
9. General Motors just introduced a sports car version of its electric car, the Chevrolet Volt, and is introducing an all-electric vehicle in 2017 called the Chevrolet Bolt, capable of driving 200 miles without recharging. *related diversification*
10. SolarWinds acquired Pingdom, Confio, and N-Able Technologies to obtain different products and services since the solar business has slowed as oil prices have dropped. *unrelated diversification*

Question 4: Perform a SWOT analysis on the leader of the group as the product. Be candid about leader resources and the strengths and weaknesses he/her possess. Based on the opportunities and threats you see in the environment, where do the leader stand in terms of his/her ability to attend graduate school, get a job, begin a career, or change careers?

Ahmad Majeed

Strengths

- Team worker
- helpful
- hard worker
- responsible

Weakness

- emotional
- doubtful
- easily triggered

Opportunities

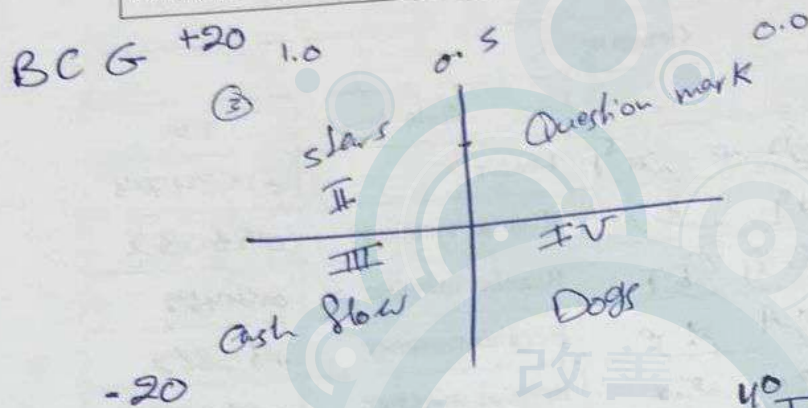
- Foreign exchange programmes available
- Good connections can help him find a job

Threats

- Unemployment
- Bad economic situation in the region

Question 1: Instructions: Given the information in the following table, develop a BCG matrix and an IE matrix, then make suggestions for strategies each division should pursue from a BCG matrix perspective and from an IE matrix perspective.

Divisions	1	2	3
Profit	\$10	\$15	\$25
Sales	\$100	\$50	\$100
Relative Market share	0.2	0.5	0.80
Industry Growth Rate	+0.2	+0.10	0.10
IFE total weighted scores	1.6	2.1	2.2
EFE total weighted scores	2.5	1.8	3.3



according to BCG

① → market penetration

② → product development

③ → Diversify

EFE

IFE

	3.6	2.0	1.0
4.0	③		
3.0			①
2.0		②	
1.0			

- ① (Harvest or Divest)
- Retrenchment
- ② Diversify

② We can

- ③ - Backward / forward / horizontal
- market penetration
 - market development
 - product development

Question 2: Instructions: Given the information in the following table, develop IE matrix for Turkish Airlines on Domestic Air Transportation, then make suggestions for strategies IE matrix perspective.

Sales and Profits in Turkish Airlines on Domestic Air Transportation

#	Functions	Revenues (USD)	% Revenue	Profits (USD)	% Profits	EFE	IFE
1	Passenger	2.445.000	92	122250	89	3.6	3.5
2	Cargo	222.000	8	15540	11	3.2	3.5



① I: strong IFE Total weighted score and high EFE total weighted score

② Grow and Build

Question 5: Explain limitations and advantages of the Boston Consulting Matrix. How does the IE Matrix overcome the limitation of the Boston Consulting Matrix?

Limitations:-

- neglects the effects of synergies between business unit
- High market share is not the only success factor
- market growth is not the only indicator for attractiveness of a market
- the problems of getting data on the market share.

advantages:-

- Draws the attention to the cash flow
- investment characteristics
- needs of an organization's various divisions

* How does the IE Matrix overcome the limitation of the Boston Consulting Matrix:

IE takes into consideration all internal factors, relative to external factors, to find best strategy not only market share and growth

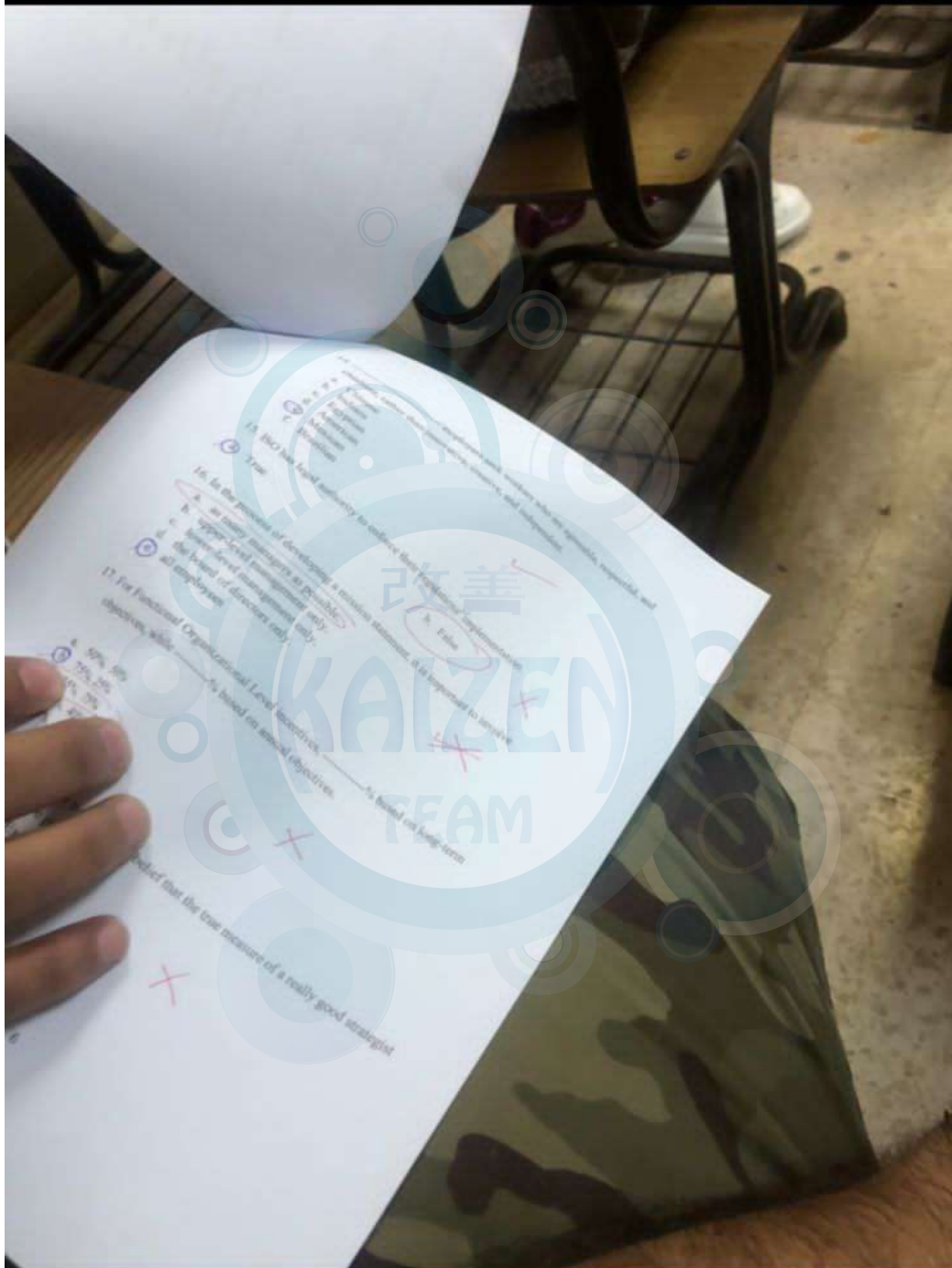
- ③ - Back
- market
 - market
 - product

Question 3: Instructions: Given the information in the following table, develop a SPACE Matrix for the Turkish Airlines on Domestic Air Transportation. Then select the strategy and state your recommendation for the company.

Factors that Make Up the SPACE Matrix Axes for the Turkish Airlines on Domestic Air Transportation

INTERNAL STRATEGIC POSITION		EXTERNAL STRATEGIC POSITION	
<i>Financial Strength (FS)</i>	<i>Rating</i>	<i>Environmental Stability (ES)</i>	<i>Rating</i>
From 2005 to 2006, EBITDA Margin decreased from 12.63 percent to 10.56 percent.	2	Inflation fell 10 percent in 2006 in Turkey	-2
In 2006, total assets increased to 4,599 USD and recorded an increase of 20.6 percent compared to 2005.	4	There has been increase in the effective use of aerial transportation in domestic tourism.	-3
Firm is strong financially in comparison to competitors.	3	The level of competition has increased by the inclusion of low seat capacity small aircrafts with low prices by private firms in the industry.	-4
In 2006, Shareholder's equity increased to 1.609 million USD with a 28.9 percent increase with respect to 2005.	3	Except TA there are five more companies operating in the domestic market and in the foreseeable future it is anticipated that new entrants to the market will occur.	-5
From 2005 to 2006, Current Ratio increased from 0.69 percent to 0.80 percent.	2	The pressure from competitors is very high	-4
Total	14	Total	-18

<i>Competitive Advantage (CA)</i>	<i>Rating</i>	<i>Industry Strength (IS)</i>	<i>Rating</i>
The company holds 60 percent share of market on domestic scale.	-3	In 2006, 80 percent of total revenues were coming from earnings from passengers.	6
From 2005 to December 2006, seat capacity decreased by 24 percent.	-2	In 2006, the Turkish aviation sector had 204 passenger planes, 24 cargo planes and capacity of 38 thousand passengers.	3
With the inclusion of 25 new generation planes, the average age of planes in the fleet decreased to 7, 3 years, and the number of planes rose by 24.4 percent and reached to 103.	-2	In cargo transportation, through the years 2002 and 2005, there was 74 percent increase in domestic cargo industry and by September 2005, a total capacity of 1.041.623 tones of cargo was reached.	4
The number of staff reduced by 25 percent from 2002 to present.	-4	There are 70 airports that are available for domestic industry; this is an advantage for rapidly responding to increasing demand and to expanding countrywide aerial transportation.	4
In all offices and agents of the firm the "e-ticket" sales service is available.	-1	The aviation sector is negatively affected due to terrorist attacks.	2
Total	-12	Total	19



(21 points)

MULTIPLE CHOICES: circle around the correct answer

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- a. Cost leadership
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 - c. Focus
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- a. Objectives
 - b. Goals
 - c. Mission
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 - e. Strategies

14. ----- employers seek workers who are agreeable, respectful, and obedient, rather than innovative, creative, and independent.

- a. Chinese
- b. Indians
- c. Egyptian
- d. American
- ☒ e. Mexican
- f. Brazilian

15. ISO has legal authority to enforce their regulations' implementation.

☒ a. True

☐ b. False

16. In the process of developing a mission statement, it is important to involve

- ☒ a. as many managers as possible.
- b. upper-level management only.
- c. lower-level management only.
- ☐ d. the board of directors only.
- e. all employees

17. For Functional Organizational Level incentives, -----% based on long-term objectives, while -----% based on annual objectives.

- ☒ a. 50%, 50%
- b. 75%, 25%
- ☐ c. 25%, 75%
- d. 60%, 40%
- e. 40%, 60%

18. What principle is built based on the belief that the true measure of a really good strategist is the ability to solve problems?

- a. Managing by Extrapolation
- ☒ b. Managing by Crisis
- c. Managing by Subjectives
- d. Managing by Hope

Q2:- Carefully read the next statements and place True for those you agree with and False for those you do not. (5 points)

Question	Answer
1. The most effective for consumers who are price sensitive, cost leadership emphasizes producing standardized products at very low per-unit cost.	T
2. Differentiation bases are those that are hard or expensive for rivals to duplicate.	F
3. Companies are avoiding outsourcing more and more because it is more expensive than traditional methods and it does not allow a firm to concentrate on core competencies.	T
4. A vision statement identifies the scope of a firm's operations in product and market terms.	T
5. Policies are the means by which long-term objectives will be achieved.	F
6. Strategy implementation requires a firm to establish long-term, devise policies, motivate employees, and allocate resources so that formulated strategies can be executed.	F
7. Internal strengths and internal weaknesses are determined relative to competitors.	T
8. When confronted with disturbing questions or opinions, Japanese managers tend to remain silent.	T
9. Firms should strive to engage in social activities that have economic benefits.	T
10. Strategic management allows an organization to be more proactive than reactive in shaping its own future.	T

6. A good ----- effectively reflects the anticipations of customers and reveals the utility that various products or services offer customers.

- a. Objective
- b. Goal
- ☒ c. Mission
- d. Vision

7. As indicated in the strategic-management model, a clear ----- is needed before long term objectives can be established.

- a. implementation plan
- b. audit policy
- ☒ c. mission statement
- ☒ d. evaluation strategy
- e. policy

8. All the following are required for the strategic planning process to be effective except:

- a. It should not be controlled by technician
- b. It should not be a formal system for control
- ☒ c. It should welcome bad news
- d. It should be simple and nonroutine
- ☒ e. None of the above

9. Executives in ----- are used to interrupting one another.

- a. Egypt
- b. America
- c. Mexico
- ☒ d. India
- ☒ e. China
- f. Brazil

Q1:- Carefully read the next statements and place **True** for those you agree with and **False** for those you do not.

Question	Answer
1. The I/O theory contends that internal resources are more important than external factors for a firm in achieving and sustaining competitive advantage, in contrast to the resource-based view (RBV).	
2. Regardless of how many factors are included in an IFE Matrix, the total weighted score can range from a low of 0 to a high of 1.	
3. When completing the matching stage of the strategy-formulation framework, the SWOT Matrix needs to be completed before the SPACE Matrix.	
4. The BCG Matrix requires more information about the divisions than the IE Matrix.	
5. Whenever two firms merge, it becomes especially important to evaluate and consider culture-strategies linkages.	
6. The term Total Attractiveness Scores is defined as the product of multiplying the weights by the Attractiveness Scores in each row of the QSPM.	
7. The purpose of each stage 2 matching tool is to generate feasible alternative strategies, not to select or determine which strategies are best.	
8. The IE Matrix is similar to the BCG Matrix in that both tools involve plotting organizational divisions in a schematic diagram.	
9. Four major stakeholders affect pricing decisions: consumers, suppliers, distributors, and competitors.	
10. Every organization has some external opportunities and threats and internal strengths and weaknesses that can be aligned to formulate feasible alternative strategies.	
11. Organizations generally will pursue WO, ST, or WT strategies to get into a situation in which they can apply SO strategies.	
12. WT strategies are aggressive tactics directed at reducing internal weakness and avoiding external threats.	
13. SWOT does not show how to achieve a competitive advantage.	
14. Each circle appears in the BCG Matrix represents a separate division. The size of the circle corresponds to the proportion of corporate revenue generated by that business unit, and the pie slice indicates the proportion of corporate profits generated by that division.	
15. Any industry whose annual growth in sales exceeds 5 percent could be considered to have rapid growth.	
16. The midpoint on the x-axis of a BCG Matrix is typically set at 0.05.	

- the purpose is to improve the performance of an enterprise by improving the quality of managerial decisions.
- a. Management
 - b. Distribution
 - c. Production/operations planning
 - d. Research and development
 - ☒ e. Management information systems
18. _____ becomes especially important when a firm is striving to implement a market development or forward integration strategy.
- a. Management
 - ☒ b. Distribution
 - c. Production/operations planning
 - d. Research and development
 - e. Management information systems
19. _____ becomes especially important when a company is pursuing product development or diversification.
- a. Management
 - b. Distribution
 - ☒ c. Production/operations planning
 - d. Research and development
 - e. Management information systems
20. _____ measure the extent to which a firm has been financed by debt.
- a. Liquidity ratios
 - ☒ b. Leverage ratios
 - c. Activity ratios
 - d. Profitability ratios
 - e. Growth ratios
21. Which of the following factors does not increase the bargaining power of a supplier?
- a. Substitutability
 - b. Many substitutes
 - c. Concentration of suppliers
 - d. A buyer is important to the supplier
 - e. High switching costs
 - ☒ f. b and d
 - g. a and c

12. Retailer Ikea is opening a chain of motels in Europe is an example of which type of strategy?
- Forward integration
 - Backward integration
 - Horizontal integration
 - Related diversification
 - Unrelated diversification
 - Product development
 - Market development
13. Microsoft opening its own retail stores is an example of which type of strategy?
- Forward integration
 - Backward integration
 - Horizontal integration
 - Related diversification
 - Unrelated diversification
 - Product development
 - Market development
14. Starbucks purchased its first coffee farm—a 600 acre property in Costa Rica. is an example of which type of strategy?
- Forward integration
 - Backward integration
 - Horizontal integration
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 - Unrelated diversification
 - Product development
 - Market development
15. All the following are the types of Profitability ratios EXCEPT:
- Net profit margin
 - Inventory turnover
 - Return on total assets
 - Price earnings ratio
 - Earnings per share
 - None of the given options
16. Which ratio is calculated by dividing profit before interest and taxes by total interest charges?
- Inventory turnover
 - Fixed assets turnover
 - Total assets turnover
 - Net profit margin
 - Times-interest-earned ratio
 - Operating profit margin

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Q1:- Carefully read the next statements and place **True** for those you agree with and **False** for those you do not. (16 points)

Question	Answer
1. The I/O theory contends that internal resources are more important than external factors for a firm in achieving and sustaining competitive advantage, in contrast to the resource-based view (RBV).	True
2. Regardless of how many factors are included in an IFE Matrix, the total weighted score can range from a low of 0 to a high of 1.	False
3. When completing the matching stage of the strategy-formulation framework, the SWOT Matrix needs to be completed before the SPACE Matrix.	False
4. The BCG Matrix requires more information about the divisions than the IE Matrix.	False
5. Whenever two firms merge, it becomes especially important to evaluate and consider culture-strategies linkages.	True
6. The term Total Attractiveness Scores is defined as the product of multiplying the weights by the Attractiveness Scores in each row of the QSPM	True
7. The purpose of each stage 2 matching tool is to generate feasible alternative strategies, not to select or determine which strategies are best.	True
8. The IE Matrix is similar to the BCG Matrix in that both tools involve plotting organizational divisions in a schematic diagram	True
9. Four major stakeholders affect pricing decisions: consumers, suppliers, distributors, and competitors.	False
10. Every organization has some external opportunities and threats and internal strengths and weaknesses that can be aligned to formulate feasible alternative strategies.	True
11. Organizations generally will pursue WO, ST, or WT strategies to get into a situation in which they can apply SO strategies.	True
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13. SWOT does not show how to achieve a competitive advantage	True
14. Each circle appears in the BCG Matrix represents a separate division. The size of the circle corresponds to the proportion of corporate revenue generated by that business unit, and the pie slice indicates the proportion of corporate profits generated by that division.	True
15. Any industry whose annual growth in sales exceeds 5 percent could be considered to have rapid growth.	False
16. The midpoint on the x-axis of a BCG Matrix is typically set at 0.05.	False

1- b

2- a

3- a

4- g

5- c

6- b

7- b

8- c

9- d

10- d

11- a

12- e

13- a

14- b

15- b

16- e

17- e

18- b

19- c

20- ~~b~~ b

21- f

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32- c

33- c

34- a

21

1- F

2- F

3- F

4- F

5- T

6- T

7- T

8- T

9- F

10- T

11- T

12- ~~T~~ F

13- T

14- T

15- T

16- F

32. When a company produces goods and services with features that are acceptable to consumers at the lowest cost relative to its competitors, it is following the _____ strategy.

- a. Differentiation
- b. Divestment
- c. Cost leadership
- d. Focus

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

- a. SWOT Matrix
- b. SPACE Matrix
- ☒ c. BCG Matrix
- d. IE Matrix
- e. Grand Strategy Matrix
- f. QSPM Matrix

34. In the BCG (Boston Consulting Group) Matrix, a business that has a low market share in a industry characterized by high market growth is termed as

- ☒ a. Question Marks
- b. Stars
- c. Cash Cows
- d. Dogs
- e. Duck
- f. None of the mentioned

6. 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
7. _____ represents the average score in both EFE and CPM.
- a. 2
 - ☒ b. 2.5
 - c. 3
 - d. 4
8. Which of these is a limitation of QSPM?
- a. Only a few strategies can be evaluated simultaneously.
 - b. It is prohibitively expensive.
 - ☒ c. It requires intuitive judgments and educated assumptions.
 - d. Sets of strategies must be examined in reverse order.
 - e. It requires equal participation from the entire organization.
9. 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.
10. _____ are guides to decision making and address repetitive or recurring situations.
- a. Missions
 - b. Visions
 - c. Strategies
 - ☒ d. Policies
 - e. Long term objectives
11. Firms should strive to engage in social activities that _____
- ☒ a. have economic benefits.
 - b. have no economic benefits.
 - c. are detrimental to economic growth.
 - d. drain financial resources.
 - e. garner goodwill only, not profits.

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 - Backward integration
 - Horizontal integration
 - Related diversification
 - Unrelated diversification
 - Product development
 - Market development
13. Microsoft opening its own retail stores is an example of which type of strategy?
- Forward integration
 - Backward integration
 - Horizontal integration
 - Related diversification
 - Unrelated diversification
 - Product development
 - Market development
14. Starbucks purchased its first coffee farm—a 600 acre property in Costa Rica. is an example of which type of strategy?
- Forward integration
 - Backward integration
 - Horizontal integration
 - Related diversification
 - Unrelated diversification
 - Product development
 - Market development
15. All the following are the types of Profitability ratios EXCEPT:
- Net profit margin
 - ☒ Inventory turnover
 - Return on total assets
 - Price earnings ratio
 - Earnings per share
 - None of the given options
16. Which ratio is calculated by dividing profit before interest and taxes by total interest charges?
- Inventory turnover
 - Fixed assets turnover
 - Total assets turnover
 - Net profit margin
 - ☒ Times-interest-earned ratio
 - Operating profit margin

should be all of the following EXCEPT

(34 points)

- a. measurable.
 - ☒ b. continually changing.
 - c. reasonable.
 - d. challenging.
 - e. consistent.
2. The _____ decision is the allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization.
- ☒ a. Investment
 - b. Dividend
 - c. Financing
 - d. Restructuring
 - e. benchmark
3. 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
4. _____ position is defined as the ratio of a division's own market share (or revenues) in a particular industry to the market share (or revenues) held by the largest rival firm in that industry.
- f. Financial
 - ☒ g. Relative market share
 - h. Stability
 - i. market share
 - j. None of the mentioned
5. _____ represent the organization's best long-run opportunities for growth and profitability.
- a. Question Mark
 - b. Cash Cow
 - ☒ c. Star
 - d. Dog

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

- x-axis
- y-axis
- first quadrant
- second quadrant
- third quadrant

7. _____ represents the average score in both EFE and CPM.

- 2
- 2.5
- 3
- 4

8. Which of these is a limitation of QSPM?

- Only a few strategies can be evaluated simultaneously.
- It is prohibitively expensive.
- It requires intuitive judgments and educated assumptions.
- Sets of strategies must be examined in reverse order.
- It requires equal participation from the entire organization.

9. The two internal dimensions represented on the axes of the SPACE Matrix are

- stability position and industry position.
- industry position and internationalization.
- internationalization and competitive position.
- competitive position and financial position.
- financial position and stability position.

10. _____ are guides to decision making and address repetitive or recurring situations.

- Missions
- Visions
- Strategies
- Policies
- Long term objectives

11. Firms should strive to engage in social activities that _____

- have economic benefits.
- have no economic benefits.
- are detrimental to economic growth.
- drain financial resources.
- garner goodwill only, not profits.

19. _____ occurs when an organization has a distinctive competence but has failed consistently to meet its goals.

- a. Related diversification
- b. Horizontal integration
- c. Retrenchment
- d. Unrelated Diversification
- e. Product Development

20. _____ occurs when an organization's basic industry is experiencing declining annual sales and profits.

- a. Related diversification
- b. Horizontal integration
- c. Retrenchment
- d. Unrelated Diversification
- e. Product Development

21. _____ occurs when major competitors offer better-quality products at comparable prices.

- a. Product Development
- b. Related diversification
- c. Horizontal integration
- d. Retrenchment
- e. Unrelated Diversification

6. A good ----- effectively reflects the anticipations of customers and reveals the utility that various products or services offer customers.

- a. Objective
- b. Goal
- ☒ c. Mission
- d. Vision

7. As indicated in the strategic-management model, a clear ----- is needed before long term objectives can be established.

- a. implementation plan
- b. audit policy
- ☒ c. mission statement
- ☒ d. evaluation strategy
- e. policy

8. All the following are required for the strategic planning process to be effective except:

- a. It should not be controlled by technician
- b. It should not be a formal system for control
- ☒ c. It should welcome bad news
- d. It should be simple and nonroutine
- ☒ e. None of the above

9. Executives in ----- are used to interrupting one another.

- a. Egypt
- b. America
- c. Mexico
- ☒ d. India
- ☒ e. China
- f. Brazil

Group

1. 0152355 خيرة أحمد القدير
2. 0164135 سمارة صالح العتيبي
3. 0177567 محمد مراد العتيبي
4. 0183795 زيد سالم فريخ
5. 0160593 عبد الرحمن أحمد الأسمر
6. 0179079 قتيبي سعد النخيل

Instructions

What type of strategy best describes the 10 actions cited? Choose from among the following: forward integration, backward integration, horizontal integration, market penetration, market development, product development, related diversification, unrelated diversification, retrenchment, divestiture, and liquidation.

1. Amazon started producing and selling its own line of diapers. *unrelated diversification*
2. MillerCoors offers free delivery of Miller Lite in four U.S. cities for customers who order through its online store. *forward integration*
3. Sears is closing about 235 stores annually. *retrenchment*
4. The largest toymaker in the United States, Mattel, is struggling; therefore, it is introducing flashier and more educative toys. *product development*
5. German power utility E.ON SE sold its Spanish assets to Australia's Macquarie Group and Kuwait's sovereign-wealth fund for \$3.1 billion. *divestiture*
6. Target Corporation is closing all of its 133 stores in Canada and China. *liquidation*
7. Coca-Cola recently axed 1,600 white-collar jobs globally as part of a cost-cutting move. *retrenchment*
8. Nissan has totally revamped its Titan full-size pickup truck with new features and options and style. *product development*
9. General Motors just introduced a sports car version of its electric car, the Chevrolet Volt, and is introducing an all-electric vehicle in 2017 called the Chevrolet Bolt, capable of driving 200 miles without recharging. *related diversification*
10. SolarWinds acquired Pingdom, Confio, and N-Able Technologies to obtain different products and services since the solar business has slowed as oil prices have dropped. *unrelated diversification*

32. When a company produces goods and services with features that are acceptable to consumers at the lowest cost relative to its competitors, it is following the _____ strategy.

- a. Differentiation
- b. Divestment
- c. Cost leadership
- d. Focus

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

- a. SWOT Matrix
- b. SPACE Matrix
- c. BCG Matrix
- d. IE Matrix
- e. Grand Strategy Matrix
- f. QSPM Matrix

34. In the BCG (Boston Consulting Group) Matrix, a business that has a low market share in a industry characterized by high market growth is termed as

- a. Question Marks
- b. Stars
- c. Cash Cows
- d. Dogs
- e. Duck
- f. None of the mentioned

Carefully read the next statements and place T (True) for those you agree with and F (False) for those you do not.

1. Once a firm acquires a competitive advantage, they are usually able to sustain the competitive advantage indefinitely. *False*
2. The most effective strategic planning process should be ritualistic, predictable, and formal. *False*
3. All firms have a strategy, even if it is informal, unstructured, and Sporadic. *True*
4. Strategic management allows an organization to be more proactive than reactive in shaping its own future. *True*
5. Strategists are most responsible for the success and failure of an organization. *True*
6. Indian do not feel compelled to follow rules that are not associated with a particular person in authority they work for or know well. *False*
7. Direct eye contact is impolite in Japan. *True*

Carefully read the next statements and place T (True) for those you agree with (False) for those you do not.

1. Policy is the means by which long-term objectives will be achieved. False ✓
2. Anything the firm does especially well compared to rival firms could be considered a competitive advantage. True ✓
3. USA has the highest corporate tax rate among all nations in the world. True ✓
4. Keeping informed about the number and nature of competitors is more difficult when doing business internationally. True ✓
5. Strategy formulation considered to be the most difficult stage in strategic management. True X
6. Latin Americans are on average 20 minutes late to business appointments. False X
7. Most organizations can benefit from strategic management, which is based on integrating intuition and analysis in decision making. True ✓

改善
KAIZEN
TEAM