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Which of the following is not true of strategic management chapter 9

corporate, universal and business. Wrong, conscious, business and implementation. Wrong, corporate, business and strategic. Wrong, business, corporate, and functional. Correct, functional, strategic and universal. Wrong, What is strategic governance? • Strategic management - which managers do to develop the organization's strategies • Strategies - the plans for how the organization will do what it is in business to do, how it will unsuccessfully compete, and how it will attract and meet its customers in order to achieve its objectives. - The decisions and actions that determine the long-term performance of an organization • Business model - how a company is going to focus on its - or customers will appreciate what the company provides - whether the company can make any money to do so Explain what executives are doing during the six steps of the strategic management process 1. Identification of the organization's current mission, objectives, and strategies Mission - declaration of the purpose of an organization Goals - foundation for further planning 2. Do an external analysis 3. Do an internal analysis 4. Analyze resources, capabilities, and core competencies 4. Formulating strategies - Select appropriate strategies for all levels in the organization - Adjust organizational strengths to environmental opportunities 5. Implementing strategies Effectively fits organizational structure and activities to the environment 6. Evaluation of results Describe the three types of corporate strategies 1. Growth strategy organization wants to serve the number of markets or expand products offered Word Types from Growth Strategies • Concentration • Vertical Integration • Horizontal Integration • Diversification 2. Stability Strategy Organization continues to do what it currently does 3. Renewal Strategy – a corporate strategy designed to address declining performance. Types of Renewal Strategies • Retrenchment Strategy • Turnaround Strategy Describes the role of competitive advantage in developing a competitive strategy - Quality as a competitive advantage - Distinguish the firm from its competitors. - can attract a loyal customer base • Can create 'Can' a sustainable competitive advantage • Represents the company's focus on continuous improvement in the quality and reliability of products and services to meet customers' expectations. - Sustainable Competitive Advantage - Continue over time to effectively exploit resources and core competencies, that enables an organization to hold its lead over its operating cities. What are the Porter's Five Powers? • Threat from New Entrants • Threat from Substitutes • Bargaining Power of Buyers • Bargaining Power of Suppliers • Current Rivalry Identifies Porter's three competing strategies. • Cost leadership strategy — Achieve the lowest total overall cost relative to other Strategy - Create a unique and distinctive product or service • Focus Strategy — Using a cost or differentiation advantage to exploit a particular market segment as opposed to a larger market What are the growth strategies? 1. Concentration Focusing on a primary line of business and increasing the number of products on offer 2. Vertical integration Backward vertical integration — gaining control of input through its own provider Forward vertical integration — gets control of output through control of distribution channel — eliminating intermediate 3. Horizontal integration Combination of operations with another competitor 4. Expand related diversification by combining companies in different but related industries 5. Unrelated diversification Grows by combining forces in unrelated industries with higher financial returns What are the renewal strategies? 1. Retrenchment Focusing on eliminating non-critical weaknesses and restoring strengths to overcome minor performance problems 2. Reverse addressing critical long-term performance problems by using strong cost elimination measures and large-scale organizational restructuring solutions. What are the types of organization strategies? Corporate strategy — an organizational strategy that determines which business a company is in or wants to be in, and what it wants to do with the businesses. Competitive strategy — an organizational strategy for how an organization will compete in its business. Functional strategy – strategies used by an organization's various functional departments to support the competitive strategy. Describes competitive strategy. • Competitive strategy - an organizational strategy for how an organization will compete its business (es). - The goal is to gain competitive advantage its competitors • Competitive advantage - that sets in organization apart; its distinctive edge. - A distinctive edge is created by core competencies of an organization • SWOT analysis - an analysis of the organization's strengths, weaknesses, opportunities and threats. • SWOT analysis helps to formulate appropriate strategies that are 1. Exploit an organization's strengths and external opportunities 2. Buffer or protect the organization from external threats 3. Correct critical weaknesses • Strengths - any activities the organization does well or any one unique resources it has. • Weaknesses - activities that the organization does not perform or need resources it does not possess. 1 Strategies management is the set of management decisions that determine the short-term performance of a corporation 2 In the externally oriented planning phase, plans are developed by engaging the input of managers from lower levels 3 General Electric led the transition from strategic planning to strategic management during the 1980s 4 One of the benefits of strategic governance are a clearer sense of strategic governance. Manage. Vision for the firm 5 To be effective, strategic management must be a formal process 6 Globalization is the integrated internationalization of markets and corporations 7 As become more industries worldwide, strategic management is becoming less important in positioning a company for long-term competitive advantage 8 Sustainability reflects business practices to manage the firm's triple bottom line 9 One member of the European Union (EU) is Chile 10 The goal of NAFTA is complete economic integration 11 Climate change has a growing concern for businesses to include their corporate strategies 12 Knowing a company is mindful of its impact on the environment rarely changing consumer buying habits 13 A Gallup study reports that companies that have focused on business sustainability have 3.9 times the EPS growth rates compared to organizations that haven't focused on business sustainability 14 Population ecology is a theory that organizations propose can and fits, an organization uses knowledge to improve the pass between itself and its environment 16 Strategies flexibility is the ability to shift from one dominant strategy to another 17 One principle of the learning organization is to maintain stability 18 The internal environment includes the variables that within the short-term control of top management 19 A broad mission statement can limit the scope of a firm's activities in terms of product or service offered 20 An example of a goal is increased profitability, while an example of a goal is to increase the firm's profitability in 2010 by 15% over 2009 21 A strategy maximizes competitive advantage and reduces competitive disadvantage 22 Corporate strategy occurs at the business unit or product level 23 A functional strategy can include competitive or cooperative strategies 24 A hierarchy of strategy highlighting the need for the three levels of strategy to supplement and support each other 25 A budget is a statement from a corporation's programs in terms of dollars 26 Performance results are monitored at the strategy formulation phase of the strategic management process 27 Henry Mintzberg discovers that strategic formulation is a regular, continuous process 28 Punctuated equilibrium described organizations as being developed through relatively long periods of stability punctuated by relatively brief bursts of fundamental change 29 A strategic decision is rare, Consequently, and directive 30 Mintzberg's entrepreneurial mode is sometimes referred to as muddling by since this decision-making mode tends to be more reactive than proactive in seeking new opportunities 31 Logic incrementalism is a useful decision-making mode when the environment changes rapidly and when it's important to In the meantime, the strategic is not a List, it presents many of the critical questions necessary for a detailed strategic analysis of any business 33 The emphasis of strategic management is on A) monitoring and evaluating external opportunities and threats in light of strengths and weaknesses of a corporation. B) first line drivers. C) the short-term performance of the corporation. D) an investigation of the organization's internal environment. E) an investigation of rival actions 34 Research suggests that strategic management developed through four consecutive phases in corporations. The first phase is A) externally oriented planning. B) basic financial planning. C) internally oriented planning. D) forecast-based planning. E) strategic management 35 The time horizon involved in regard to basic financial planning is usually A) one year. B) one quarter. C) more than five years. D) less than one month. E) more than three years 36 A difference between basic financial planning and forecast-based planning is A) the time horizon is shorter in forecast-based planning. B) forecast-based planning incorporates internal and external information. C) basic financial planning uses consultants with sophisticated techniques. D) basic financial planning use scenarios and contingency strategies. E) basic financial planning relies heavily on input from lower levels in the organization 37 Top-down planning that emphasizes formal strategy formulation and allows implementation issues to lower management levels is known as A) forecast-based planning. B) externally oriented planning. C) strategic management. D) basic financial planning. E) none of the above 38 In the final phase of strategic management, strategic information is available to A) people throughout the organization. B) the top management responsible for decision making. C) middle management. D) operational personnel. E) only those responsible for implementing the strategy 39 In a survey of 50 corporations, which of the following has been designated as a benefit of strategic management? A) clearer sense of vision for the firm B) higher levels of employee motivation C) higher levels of job satisfaction D) improves productivity E) lower employee turnover 40 When an organization evaluates its strategic position, which is none of the strategic questions an organization can ask itself? A) Where is the organization now? B) Are we a socially responsible firm? C) If no changes are made, where will the organization be in one year? D) If the evaluation is negative, what specific actions should management? E) If no changes are made, where will the organization be in 10 years 41 Research of the planning practices of companies in the oil industry concluding that the value of modern strategic planning is more A) in the planning. B) in the strategic thinking and organizational learning. C) in the subsequent written strategic plan. D) in formally formalize the process. E) in the improved communication within the organization 42 Strategic planning within a small organization A) can be informal and irregular. B) must be expanded to provide for future growth. C) must always be formalized and explicitly stated. D) should only be done by the president. E) is unnecessary and a waste of time 43 Strategies planning in a multidivisional corporation A) must be informal to allow complete understanding by the many participants. B) only needs to be adopted from the main corporate office. C) needs to be achieved quickly to reduce the likelihood of it being dissed. D) should encourage a clear backbone between top management and lower-level managers. E) must be a formalized and sophisticated system 44 The integrated internationalization of markets and corporations is called A) normalization. B) economic integration. C) globalization. D) nationalization. E) regionalization 45 One of the benefits of globalization is A) economies of scale. B) decreased outsourcing. C) increased union negotiations. D) increased taxes. E) additional human resource training 46 The regional trade association consists of Argentina, Brazil, Uruguay, and Paraguay called A) EU. B) ASEAN. C) NAFTA. D) Mercosur. E) ABUP 47 Members of the European Union (EU) includes all of the following except A) Ireland. B) Malaysia. C) Belgium. D) France. E) Slovakia 48 Canada, the United States, and Mexico are economically affiliated under whatever trade alliance? A) ASEAN B) Mercosur C) EU D) NAFTA E) CAFTA 49 The currency used to integrate the monetary systems of the European Union (EU) is called the A) peso. B) dollars. C) euro. D) francs. E) pound 50 The triple bottom line refers to which of the following? A) water, air, and oil. B) grassroots, finance and environment. C) physical environment, traditional gain/loss, and air. D) traditional gain/loss, social responsibility, and environmental responsibility. E) social responsibility, people, and ethics 51 Which theory suggests that once an organization is successfully established in a particular environment niche, can't it adapt to changing conditions? A) population ecology B) institution C) citizenship D) strategic choice E) organizational learning 52 The theory that organizations propose can and adapt to changing conditions by mimicking other successful organizations is known as A) population ecology. B) institution theory. C) citizenship theory. D) strategic theory. E) sample theory 53 The ability of an organization to reform its environment is described by A) population ecology theory. B) institution theory. C) the strategic choice perspective. D) organizational learning theory. E) organizational citizenship theory 54 The ability of a corporation to move from one dominant strategy to another A) strategy formulation. B) strategy implementation. C) strategy control. D) strategy development. E) strategy evaluation 58 The corporate mission is best described by which one of the following? A) a description of the activities established by the organization B) the purpose or reason for the existence of the corporation's C) a description of the top management's responsibilities D) a declaration of corporate goals E) a declaration of what the organization wants to become 59 Which one of the following is an example of a narrow scope in a mission? A) transportation (vs. railways) B) computers (vs. office equipment) C) health care (vs. hospitals) D) real estate (vs. apartments) E) telecommunications (vs. television) 70 The organization's corporate mission statement A) must have a different mission statement for each subsidiary division. B) should be stated less formally to allow for growth. C) should set the organization apart from its competitors. D) must say what the organization wants to become. E) should the organization's SWOT 71 Which of the following describe is an example of a mission statement? A) Diversify product line to appeal to more people. B) Increase sales by 10% over last year. C) Pay the highest salaries to keep high-quality employees. D) Develop and sell quality devices worldwide. E) Split a sales region into a group sales districts 72 A goal is different from a goal because it is A) open. B) quantified. C) specify measurable results. D) is clearly specified. E) offering a time horizon 73 Which of the following is an example of a goal? A) Diversify product line to appeal to more people. B) Increase sales by 10% over last year. C) Pay the highest salaries to keep high-quality employees. D) Develop and sell quality devices worldwide. E) Splitting a sales region into a group of sales districts 74 Which of the following is an example of a corporate strategy? A) Diversify product line to appeal to more people. B) Mimic products from competitors. C) Pay the highest salaries to keep high-quality employees. D) Develop and sell quality devices worldwide. E) Divide a sales region into a group of sales districts 75 The type of strategy that describes a company's overall direction in terms of its general attitude toward growth and managing its various businesses and product lines is A) operational. C) business. D) product. E) type of strategy that emphasizes the improvement of the competitive position of products or services of a corporation in a particular industry or market segment served by a business unit is A) functional. B) operational. C) business. D) environment. E) corporate 77 The type of strategy that achieves corporate and business unit goals and strategies by maximizing resource productivity is A) functional. B) operational. C) business. D) product. E) corporate 78 A large, multidivisional business has three levels in its hierarchy of strategy. A) Corporate - Business - Functional. B) Environment - Corporate - Functional. C) Environment - Industry - Corporate - Divisions 79 As defined in this course, a policy is A) the purpose or reason for a corporation's existence. B) a declaration of activities or steps necessary to achieve a single-use plan. C) a broad guideline for making decisions linking the formulation of strategy with its implementation. D) a comprehensive master plan that explains how a corporation will achieve its mission and goals. E) a statement of a corporation's programs in dollar terms 80 Which of the following is an example of a policy? A) Diversify product line to appeal to more people. B) Increase sales by 10% over last year. C) Pay the highest salaries to keep high-quality employees. D) Develop and sell quality devices worldwide. E) Diversifying retail into delivery 81 The process by which strategies and policies are implemented by the development of programs, budgets and procedures is A) strategy formulation. B) strategy control. C) strategy implementation. D) strategy development. E) strategy evaluation 82 Which of the following is NOT part of strategy implementation? A) performance evaluation B) budgets C) programs and tactics D) procedures E) operational planning 83 Which of the following is an example of a program? A) Diversify product line to appeal to more people. B) Increase sales by 10% over last year. C) Develop and sell quality devices worldwide. E) Reduce final meeting time to three days by providers building plan sections 84 A program or tactics are A) a detailed cost state in terms of dollars. B) a system of consecutive steps. C) a declaration of the activities necessary to support a strategy. D) the process by which strategies and policies are implemented. E) none of the above mentioned 85 A budget is a statement of a corporation's programs in dollar terms. What is NOT true of the budget feature? A) It is used in planning and control. B) It serves as a detailed plan of strategy in action. C) Only one budget needed to capture all programs. D) It describes the impact on the firm's future financial situation. E) It is used as a way to measure success based on certain criteria determine specific employee behavior, including how a manager dresses how keys are kept when a customer's door approaches. This is an example of an A) app. B) budget. C) procedure. D) policy. E) control 87 As part of the strategic management process, evaluation and control are concerned with all of the following, EXCEPT A) generating feedback to decision makers. B) monitoring corporate activities and performance. C) stimulating a review of the corporation's strategic management. D) fixing problem areas. E) determining top management benefits packages 88 A set of consecutive steps or techniques that describe in detail how a particular task or work should be done is referred to as A) a standard operating procedure. B) a system operating procedure. C) a standard operating program. D) a standard outside procedure. E) a systems operating plan 89 Research done by Henry Mintzberg suggests that strategy formulation A) is typically an irregular and a strike process. B) must be followed unwaveringly to ensure success of the plan. C) is a process to which organizations find they need to make significant annual changes. D) must be reviewed after a specific interval of time to make sure it still applies. E) is simply a checklist of actions following a logical process 90 The phenomenon that corporations describe as developed through relatively long periods of stability punctuated by relatively short bursts of fundamental change is known as A) revolution. B) equilibrium. C) stipulated equilibrium. D) logical incrementalism. E) strike 91 Which of the following is NOT one of the four beguired events listed in the text showing the stimulus for a strategic change? A) intervention by the organization's bank B) annual planning conference C) threat of a takeover D) new CEO E) awareness by management reduced profitability 92 The existence of a performance gap A) should cause management to question their objectives, strategies and policies. B) is not indicative of problems if this happens only once. C) is only the concern of top management because they set the original strategies. D) should cause management to look only within the organization to determine the problem. E) should signal the immediate need for a retrenchment 93 Which of the following statements is NOT true of a strategic contagion point? A) The term was coined by Andy Grove, previous CEO of Intel Corporation. B) It represents what happens to a business when a major change occurs as a result of the introduction of new technology. C) It represents what happens to a business when a major change occurs as a result of a change in customers' values or a change in what customers D) It represents what happens to a business when a major change occurs due to another regulatory environment. E) A new CEO is an example of a strategic fraction point 94 Which of the is NOT a feature of strategic decisions as mentioned in the text? A) directive B) consequential C) rare D) continuous E) requires commitment of substantial resources 95 Cording to Mintzberg, the entrepreneurial mode of strategy formulation A) is characterized by reactive solutions to existing problems. B) assumes major responsibilities for strategy formulation. C) focuses on opportunities; problems are secondary. D) includes the proactive search for new opportunities and reactive solutions to existing problems. E) assume the environment is unresponsive to input 96 According to Henry Mintzberg, the three most typical approaches to strategic decision-making is A) entrepreneurial, adaptive, and planning. B) entrepreneurial, logical incrementalism, and planning. C) logical incrementalism, strategic planning, and systematic scanning. D) environmental scanning, formulation and implementation. E) assignment, rare, and consequential 97 Amazon.com, founded by Jeff Bezos and reflecting his vision, is an example of what mode of strategic decision-making? A) adaptive B) entrepreneurial C) logical incredulity D) planning E) none of the above 98 What characterizes the planning mode of strategy formulation? A) Top management believes that the environment is a force to be used and controlled. B) It assumes that the environment is too complex to be completely understood. C) It entails the systematic collection of relevant information for situational analysis, generating feasible alternative strategies, and rational selection of the most appropriate strategy. D) Rather than using a proactive search for new opportunities, it only has the opportunity for reactive behavior. E) It is based on vision and big picture strategy 99 IBM under CEO Louis Gerstner and his strategic decision to invest in services in 1993 is an example of what mode strategic decision-making? A) adaptive B) entrepreneurial C) logical incredulity D) planning E) none of the above 100 The mode of strategic decision-making typical of most universities, many major hospitals, a large number of government agencies, and a surprising number of large corporations are A) adaptable. B) entrepreneurial. C) logical incrementalism. D) planning. E) none of the above 101 The mode of strategy formulation used when top management has a fairly clear idea of the mission and objectives of the corporation, but it chooses to develop a series of tentative or partial strategies instead of developing full-scale strategies called A) planning mode. B) logical incrementalism. C) entrepreneurial mode. D) customizable mode. E) strategic mode 102 Which approach to decision making is most useful when the environment changes quickly and when it is important to build consensus and necessary before the whole corporation is committed to a specific strategy? A) Planning Mode B) Mode C) logical incredulity D) adaptive mode E) strategic flexibility mode 103 A checklist of questions, by area or issue that enables a systematic analysis to be made of various corporate functions and activities is referred to as a (n) A) scenario. B) portfolio. C) strategic audit. D) social responsibility audit. E) SOUP 104 What are the benefits of strategic management? Answer: The three highly rated benefits of strategic management are: clearer sense of strategic vision for the organization more sharply focusing on what is strategically important improved understanding of a rapidly changing environment 105 Define globalization and identifying the role of strategic management in globalization. Answer: Globalization is the internationalization of markets and corporations. That changed the way modern corporations do business. As more industries become global, strategic management is becoming an increasingly important way to keep up with international developments and position the company for long-term competitive advantage 106 What are the four main activities of a learning organization? Answer: The four main activities of a learning organization are solving problems systematically, experimenting with new approaches, learning from their own experiences and past history as well as from the experiences of others, and transferring knowledge quickly and efficiently throughout the organization 107 Briefly describes the four basic elements of strategic management. Answer: Strategic management consists of four basic elements. Environmental scanning is the monitoring, evaluation and dissemination of information from the external and internal environments to key people within the corporation. Strategy formulation is the development of long-range plans for effective management of environmental opportunities and threats, in light of corporate strengths and weaknesses. Strategy implementation is the process by which strategies and policies are implemented through the development of programs, budgets and procedures. Evaluation and control is the process in which corporate activities and performance results are monitored so that actual performance can be compared to desired performance 108 What is a beguiling event? List some possible examples. Answer: A beguiling event is something that serves as a stimulus for a change in strategy. Some possible beguiling events are a new CEO, an external intervention, a threat of a change in ownership, a performance gap, and a strategic contagion point 109 What is a strategic decision and what are his three characteristics? Answer: A strategic decision deals with the long-term future of an entire organization. There are three characteristics of a strategic decision: rare, consequential and commissioned. Strategic decisions are unusual and usually have no precedent to not. They commit substantial resources and claim a huge of dedication of people on all levels. And they set precedents for lesser decisions and future actions throughout the organization. Organization.