

Strategic Management, 15e (David/David)
Chapter 1 The Nature of Strategic Management

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

Answer: TRUE

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

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

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

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

Answer: TRUE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

13) Analytical and intuitive thinking should complement each other.

Answer: TRUE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 3

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

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

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

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

Answer: FALSE

Diff: 3

AACSB: Reflective thinking

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

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

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

Answer: FALSE

Diff: 2

AACSB: Information technology

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

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

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

Answer: FALSE

Diff: 2

AACSB: Information technology

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

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

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

Answer: TRUE

Diff: 2

AACSB: Information technology

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

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

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

Answer: FALSE

Diff: 1

AACSB: Information technology

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

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

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

Answer: TRUE

Diff: 2

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

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

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

Answer: TRUE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

AACSB: Ethical understanding and reasoning

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 3

AACSB: Written and oral communication

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

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

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

Answer: FALSE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 1

AACSB: Written and oral communication

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

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

33) Strengths and weaknesses are determined relative to competitors.

Answer: TRUE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

37) Annual objectives are especially important in strategy formulation.

Answer: FALSE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 1

AACSB: Reflective thinking

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 3

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

51) Many organizations mistakenly spend more time and effort on the implementation of a

plan, than on the formulation of the plan itself.

Answer: FALSE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 3

AACSB: Reflective thinking

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: FALSE

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: TRUE

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

61) Firms can be more proactive with strategic management.

Answer: TRUE

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

62) The goal of strategic management is to

- A) achieve competitive advantage.
- B) maintain competitive advantage.
- C) achieve and maintain competitive advantage.
- D) eliminate competitive advantage.
- E) eliminate and abolish competitive advantage.

Answer: C

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: E

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: D

Diff: 1

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: C

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: C

Diff: 2

AACSB: Interpersonal relations and teamwork

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

AACSB: Interpersonal relations and teamwork

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: B

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

71) _____ is NOT a strategy-implementation activity.

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

Answer: A

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: A

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: C

Diff: 2

AACSB: Reflective thinking

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: C

Diff: 2

AACSB: Information technology

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

- 75) Anything that a firm does especially well compared to rival firms is referred to as
- A) competitive advantage.
 - B) comparative disadvantage.
 - C) opportunity cost.
 - D) unsustainable advantage.
 - E) an external opportunity.

Answer: A

Diff: 1

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

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

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

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

Answer: D

Diff: 2

AACSB: Information technology

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

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

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

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

Answer: B

Diff: 2

AACSB: Reflective thinking

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

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

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

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

Answer: B

Diff: 2

AACSB: Information technology

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 1

AACSB: Information technology

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

Learning Outcome: Define strategic management and identify its basic concepts

80) There is a dramatic shift in mass retailing to

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

Answer: D

Diff: 2

AACSB: Information technology

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

AACSB: Information technology

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

- A) Developing a vision statement

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

Answer: A

Diff: 1

AACSB: Written and oral communication

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

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

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

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

Answer: B

Diff: 2

AACSB: Written and oral communication

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

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

85) An organization's vision statement

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

Answer: D

Diff: 1

AACSB: Written and oral communication

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

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

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

Answer: A

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

Answer: C

Diff: 1

AACSB: Written and oral communication

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

Learning Outcome: Define strategic management and identify its basic concepts

- 88) Internal _____ are controllable activities in an organization that are performed especially well.
- A) opportunities
 - B) incompetencies
 - C) strengths
 - D) objectives
 - E) factors

Answer: C

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

- 89) What are the means by which long-term objectives will be achieved?
- A) Strategies
 - B) Strengths
 - C) Weaknesses
 - D) Policies
 - E) Opportunities

Answer: A

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: B

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

91) Annual objectives are especially important in strategy

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

Answer: C

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

93) What are guides to decision making called?

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

Answer: C

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

94) The strategic-management process

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

Answer: C

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: E

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: C

Diff: 3

AACSB: Interpersonal relations and teamwork

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

- A) By attending top manager meetings

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

Answer: C

Diff: 2

AACSB: Interpersonal relations and teamwork

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: D

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: D

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

- A) Planning is viewed as a waste of time
- B) Content with current success
- C) Too busy "firefighting" to plan ahead

- D) No monetary rewards for planning
- E) Trust of management makes it unnecessary

Answer: E

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: B

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

105) Which of the following statements is NOT true?

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

Answer: B

Diff: 1

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: C

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: E

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

108) Which of the following statements is FALSE?

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

Answer: D

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 2

AACSB: Written and oral communication

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: C

Diff: 1

AACSB: Written and oral communication

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

Learning Outcome: Define strategic management and identify its basic concepts

111) Business or military success is

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

Answer: C

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: C

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: A

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: B

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: B

Diff: 1

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: E

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: D

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Answer: C

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

119) Compare and contrast strategic planning with strategic management.

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

Diff: 1

AACSB: Written and oral communication

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Diff: 2

AACSB: Interpersonal relations and teamwork

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

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

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

Diff: 2

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

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

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

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

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Diff: 2

AACSB: Written and oral communication

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

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

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

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

Diff: 2

Objective: 1.02 Describe the strategic-management process.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Diff: 2

Objective: 1.06 Describe the benefits of good strategic management.

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

129) Discuss the value of integrating intuition and analysis.

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

Analytical thinking and intuitive thinking complement each other.

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

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

130) Compare and contrast business and military strategy.

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

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

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

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

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

Diff: 2

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

Learning Outcome: Define strategic management and identify its basic concepts

Strategic Management, 15e (David/David)

Chapter 2 The Business Vision and Mission

1) Vision and mission statements can often be found in the front of annual reports.

Answer: TRUE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

2) While vision and mission statements are part of numerous internal reports, they should never be displayed in a firm's premises.

Answer: FALSE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

3) The foundation for development of a comprehensive mission statement is provided by a clear vision.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

4) The mission statement should be short—preferably one sentence.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

5) When developing a vision statement, input should be received from as many managers as possible.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

6) If an organization chooses to have both a mission and a vision, the mission statement should be established first.

Answer: FALSE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic

management.

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

7) According to Peter Drucker, asking the question "What is our business?" is synonymous with asking the question "What is our vision?"

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

8) A mission statement is a declaration of an organization's reason for being.

Answer: TRUE

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

9) A mission statement, sometimes called a creed statement, can be defined as an enduring statement of purpose that distinguishes one organization from other similar enterprises.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

10) Small, nonprofit organizations never develop mission statements.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

11) A mission statement is a declaration of an organization's financial status.

Answer: FALSE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

12) A mission statement can sometimes be called a statement of philosophy.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

13) Carefully prepared statements of vision and mission are widely recognized as the first step in strategic management.

Answer: TRUE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

14) An important question a mission statement should answer is, "What do we want to become?"

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

15) Whereas the mission statement answers the question, "What do we want to become?" the vision statement answers the question, "What is our business?"

Answer: FALSE

Diff: 3

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

16) In order to motivate a workforce effectively, both profit and vision are needed.

Answer: TRUE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

17) When developing a mission statement, it is usually advisable to involve as few managers as possible.

Answer: FALSE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

18) The first step in the process of developing a mission statement is to ask all participants to prepare what they believe the organization's mission should be.

Answer: FALSE

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

19) According to Campbell and Yeung, the process of developing a mission statement should create an "emotional bond" and "sense of mission" between the organization and its employees.

Answer: TRUE

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

20) According to Campbell and Yeung, an organization's vision is associated with behavior and with the present.

Answer: FALSE

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

21) According to King and Cleland, carefully developed and written mission statements provide a basis for organizing work, departments, activities, and segments around a common purpose.

Answer: TRUE

Diff: 1

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

22) Research has failed to find a positive relationship between mission statements and organizational performance.

Answer: FALSE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

23) Mission statements are sometimes difficult to derive because top management may disagree over company objectives.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

24) According to Drucker, the most important time for a company to develop mission and vision statements is when the company is experiencing financial difficulty.

Answer: FALSE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

25) In multidivisional organizations, each division should develop a mission statement consistent with and supportive of the corporate mission.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

26) One benefit of having a clear mission and vision is that it projects a sense of worth and intent to all stakeholders.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

27) A mission statement promotes a sense of shared expectations among all managers and employees.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

28) When a company has been successful the question "What is our business?" becomes unnecessary.

Answer: FALSE

Diff: 1

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

29) A mission statement is usually just a simple statement of specific details.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

30) A mission statement should be broad enough to reconcile differences among an organization's various stakeholders.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

31) Stakeholders of an organization include stockholders, customers and creditors, but not competitors.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

32) Individuals who own stock in a corporation are considered stakeholders.

Answer: TRUE

Diff: 1

Objective: 2.03 Identify the components of mission statements.

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

33) Stakeholders both affect and are affected by an organization's strategic decisions.

Answer: TRUE

Diff: 1

Objective: 2.03 Identify the components of mission statements.

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

34) Mission statements cannot be stated with too high a level of specificity.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Objective: 2.03 Identify the components of mission statements.

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

35) The relative attention an organization will devote to meeting the claims of various stakeholders is indicated in a good mission statement.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

36) Excess specificity can stifle creativity in the formulation of an acceptable mission or purpose.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

37) It is unusual for the claims and concerns of a company's stakeholders to vary or conflict.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

38) In most cases, at least 500 words are required to effectively state a mission statement.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

39) An effective mission statement generates the impression a firm is successful, has direction, and is worthy of time, support and investment.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

40) According to Vern McGinnis, an effective mission statement should define what the organization is and what the organization aspires to be.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

41) Having a clear mission and vision can provide a basis for a company's internal and external assessment.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

42) Good mission statements identify the utility of a firm's products to its customers.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

43) Attracting customers is a major reason for developing a mission statement.

Answer: TRUE

Diff: 1

Objective: 2.03 Identify the components of mission statements.

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

term corporate objectives

44) AT&T's mission statement focuses on telephones rather than on communication.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

45) A mission statement that is limited enough to exclude some ventures is a poor mission statement.

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

46) A good mission statement serves as a framework for evaluating both current and prospective activities.

Answer: TRUE

Diff: 3

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

47) The operating philosophy of organizations should be to develop a product and then try to find a market for it.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

48) One of the benefits of having a clear mission and vision is promoting a sense of shared expectations among all managers and employees.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

49) According to George Steiner, vagueness has no place in a good mission statement.

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

50) A mission statement should be broad in scope, since concrete specification could be the base for rallying opposition.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

51) Union Pacific's mission statement focuses on transportation rather than on railroads because good mission statements identify the utility of a firm's products to its customers.

Answer: TRUE

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

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

52) The utility statement, "Do not offer me attractive looks; offer me clothes," is relevant in developing a mission statement.

Answer: FALSE

Diff: 3

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

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

53) A firm's philosophy in a mission statement addresses the question, "What is the firm's distinctive competence?"

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

54) A firm's concern for employees in a mission statement addresses the question, "Is the firm responsive to social, community, and environmental concerns?"

Answer: FALSE

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

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

55) According to Peter Drucker, developing a clear business vision and mission is the first responsibility of strategists.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

56) A sense of self-concept is one of the nine components a good mission statement should include.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

57) Well-conceived and properly executed mission and vision statements do not need to be subject to revision.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

58) All of the following are mentioned as places where vision and mission statements can often be found EXCEPT

- A) SEC reports.
- B) annual reports.
- C) customer service agreements.
- D) supplier agreements.
- E) business plans.

Answer: A

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

59) Which statement is TRUE?

- A) Companies must choose between having a mission statement or a vision statement.
- B) A company can't have a mission statement unless it has a vision statement.
- C) A vision statement cannot be established until a company has developed its mission statement.
- D) The vision statement should be established before the mission statement.
- E) Companies are required by law to have both mission and vision statements.

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

60) Which of these basic questions should a vision statement answer?

- A) What is our business?
- B) Who are our employees?
- C) What are our challenges?
- D) What do we want to become?
- E) Who are our competitors?

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

61) Which type of statement should be created first and foremost?

- A) Creed
- B) Vision
- C) Objectives
- D) Mission
- E) Competitive advantage

Answer: B

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

62) The ideal length of a vision statement is

- A) one page.
- B) several paragraphs.
- C) one sentence.
- D) several sentences.
- E) as long as is necessary to convey the message.

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

63) Who is referred to as "the father of modern management"?

- A) Cleland
- B) Campbell
- C) Drucker
- D) McGinnis
- E) Yeung

Answer: C

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

64) What is the first step in the comprehensive strategic-management model?

- A) Developing vision and mission statements
- B) Performing external audits
- C) Performing internal audits
- D) Measuring and evaluating performance
- E) Establishing long-term objectives

Answer: A

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

65) According to the comprehensive strategic-management model, which step needs to be completed immediately following the establishment of long-term objectives?

- A) Developing vision and mission statements
- B) Performing external audits
- C) Performing internal audits
- D) Generating, evaluating, and selecting strategies
- E) Measuring and evaluating performance

Answer: D

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

66) The purpose of a mission statement is to declare all of these EXCEPT

- A) a reason for being.
- B) an annual financial plan.
- C) a statement of purpose.
- D) a statement of beliefs.
- E) whom it wants to serve.

Answer: B

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

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

- A) short-term objective
- B) implementation plan
- C) audit policy
- D) mission statement
- E) evaluation strategy

Answer: D

Diff: 1

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

68) A business' mission is the foundation for all of the following EXCEPT

- A) priorities.
- B) strategies.
- C) plans.
- D) employee wage rates.
- E) work assignments.

Answer: D

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

69) According to Drucker, which question is synonymous with asking "What is our mission?"

- A) What is our business?
- B) How can we improve ourselves?
- C) What do we want to become?
- D) Who are our stakeholders?
- E) How can we increase profitability?

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

70) Which basic question should the vision statement answer?

- A) What is our business?
- B) How can we improve ourselves?
- C) What do we want to become?
- D) Who are our stakeholders?
- E) How can we increase profitability?

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

71) In the process of developing a mission statement, it is important to involve

- A) as few managers as possible.
- B) as many managers as possible.
- C) upper-level management only.
- D) lower-level management only.
- E) the board of directors only.

Answer: B

Diff: 1

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

72) The process of developing a vision and mission statement often includes which of these as the first activity?

- A) Requesting that managers modify the current document
- B) Asking managers to read selected articles about mission statements
- C) Asking managers to prepare a mission statement for the organization
- D) Having a brainstorming session on whether the organization should have a mission statement
- E) Merging several mission statements into one document

Answer: B

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

- 73) After a draft mission statement has been developed, it is important to
- A) ask managers to read several articles about mission statements as background information.
 - B) vote on the mission statement.
 - C) ask managers to prepare a mission statement for the organization.
 - D) ask managers to seek support for the mission statement from their subordinates.
 - E) request modifications, additions, and deletions to the mission statement.

Answer: E

Diff: 3

AACSB: Written and oral communication

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

- 74) What can be used to promote unbiased views and to manage the development of the mission statement more effectively?

- A) An internal group
- B) A committee of managers
- C) Command-and-control
- D) Surveys
- E) An outside facilitator

Answer: E

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

- 75) According to Campbell and Yeung, what is/are most likely associated with behavior and the present?

- A) Mission
- B) Values
- C) Long-term objectives
- D) Vision
- E) Possibilities

Answer: A

Diff: 3

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

76) A study by Rarick and Vitton found that firms with a formalized mission statement have _____ the average return on shareholders' equity than those firms without a formalized mission statement.

- A) one-quarter
- B) half
- C) twice
- D) three times
- E) five times

Answer: C

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

77) Businessweek reports that firms using mission statements have a _____ percent higher return on certain financial measures than those without such statements.

- A) 10
- B) 15
- C) 30
- D) 45
- E) 50

Answer: C

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

78) Which best expresses former Colgate CEO Reuben Mark's thoughts on vision?

- A) It's becoming less important that a clear mission make sense internationally.
- B) It's essential to drive home different messages in different cultures.
- C) Keeping the vision simple will never rally everyone to the corporate banner.
- D) Pushing one vision globally is essential.
- E) Elevated missions or visions will alienate international markets.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

79) When developing a mission statement, what is needed before people can focus on specific strategy formulation activities?

- A) Negotiation
- B) Compromise
- C) Eventual agreement
- D) A and B only
- E) All of the above

Answer: E

Diff: 1

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

80) What is the best time to develop a mission statement?

- A) When a firm is in decline
- B) When the firm is successful
- C) When the firm is in financial trouble
- D) When the firm is in legal trouble
- E) When the firm encounters competition

Answer: B

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

81) All stakeholders' claims on an organization _____ pursued with equal emphasis.

- A) cannot be
- B) should always be
- C) are required to be
- D) must ideally be
- E) can usually be

Answer: A

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

82) Which group would be classified as stakeholders?

- A) Governments
- B) Creditors
- C) Suppliers
- D) Employees
- E) All of the above

Answer: E

Diff: 1

Objective: 2.03 Identify the components of mission statements.

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

83) All stakeholders

- A) have claims and concerns about an organization, but these claims and concerns vary.
- B) have the same claims and concerns about an organization.
- C) have ownership rights in an organization.
- D) have the same voting rights in an organization.
- E) have environmental concerns as their top priority.

Answer: A

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

84) A good mission statement has

- A) an employee orientation.
- B) a customer orientation.
- C) a shareholder orientation.
- D) an environmental orientation.
- E) a profit orientation.

Answer: B

Diff: 3

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

85) The potential for creative growth in an organization can be limited by

- A) an overemphasis on stakeholders.
- B) not enough emphasis on stakeholders.
- C) a mission statement that is too general.
- D) a mission statement that is too specific.
- E) a mission statement that is too dynamic.

Answer: D

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

86) An overly general mission statement that _____ could be dysfunctional.

- A) does not exclude any strategy alternatives
- B) encourages management creativity
- C) excludes all diversification
- D) endorses the consideration of feasible potential strategies
- E) allows for the generation and consideration of a range of alternative objectives

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

87) The general public is especially interested in _____, whereas stockholders are more interested in _____.

- A) environmental concerns; social responsibility
- B) social responsibility; the treatment of employees
- C) the treatment of employees; environmental concerns
- D) profitability; social responsibility
- E) social responsibility; profitability

Answer: E

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

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

88) In order to appeal to its diverse stakeholders, an effective mission statement should be

- A) inflammatory.
- B) provocative.
- C) contentious.
- D) reconciliatory.
- E) dysfunctional.

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

89) In developing a mission statement, arousing emotion

- A) is not a benefit.
- B) is futile.
- C) is important.
- D) should be avoided if possible.
- E) is counterproductive.

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

90) According to McGinnis, a mission statement should be all of the following EXCEPT

- A) it should be broad enough to include all ventures.
- B) it should be stated in clear terms.
- C) it should distinguish an organization from all others.
- D) it should define what an organization is.
- E) it should serve as a framework for evaluating both current and prospective activities.

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

91) An effective mission statement does all of the following EXCEPT

- A) it reflects judgments about future growth directions that are based upon forward-looking external and internal analyses.
- B) it provides useful criteria for selecting among alternative strategies.
- C) it provides a basis for generating and screening strategic options.
- D) it is static in orientation.
- E) it should be enduring.

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

92) Good mission statements identify the _____ of a firm's products to its customers.

- A) utility
- B) price
- C) profit margin
- D) demand
- E) popularity

Answer: A

Diff: 1

Objective: 2.03 Identify the components of mission statements.

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

93) Which of these examples of a mission statement's focus area does NOT identify the utility of the firm's products to its customers?

- A) AT&T focuses on communication rather than telephones.
- B) ExxonMobil focuses on oil and gas rather than energy.
- C) Union Pacific focuses on transportation rather than railroads.
- D) Universal Studios focuses on entertainment rather than movies.
- E) A clothing retailer focuses on attractive looks rather than on clothes.

Answer: B

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

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

94) All of the following utility statements are relevant in developing a mission statement EXCEPT

- A) Do not offer me shoes. Offer me comfort for my feet and the pleasure of walking.
- B) Do not offer me furniture. Offer me comfort and the quietness of a cozy place.
- C) Do not offer me ideas, emotions, ambience, feelings, and benefits. Offer me things.
- D) Do not offer me books. Offer me hours of pleasure and the benefit of knowledge.
- E) Do not offer me a house. Offer me security, comfort, and a place that is clean and happy.

Answer: C

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

95) The recommended length of an effective mission statement is _____ words.

- A) approximately 25
- B) no more than 100
- C) less than 250
- D) at least 300
- E) more than 500

Answer: C

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

96) What question is asked in conjunction with the philosophy component of a mission statement?

- A) What are the firm's major products or services?
- B) Is the firm committed to growth and financial soundness?
- C) What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
- D) Is the firm responsive to social, community, and environmental concerns?
- E) Are employees a valuable asset of the firm?

Answer: C

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

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

97) An effective mission statement should do all of the following EXCEPT

- A) include monetary amounts, numbers, percentages and ratios.
- B) be inspiring.
- C) reveal that the firm is environmentally responsible.
- D) identify the utility of a firm's products.
- E) be reconciliatory.

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

98) The following excerpt from a mission statement illustrates which of the nine essential components of a mission statement?

"We believe our first responsibility is to the doctors, nurses, patients, mothers, and all others who use our products and services."

- A) Markets
- B) Customers
- C) Concern for Employees
- D) Concern for Public Image
- E) Technology

Answer: B

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

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

99) Which of the following illustrates the self-concept component of a mission statement?

- A) To earn our customer's loyalty, we listen to them, anticipate their needs, and act to create value in their eyes.
- B) We are committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of our employees.
- C) Our emphasis is on North American markets, although global opportunities will be explored.
- D) To compensate its employees with remuneration and fringe benefits competitive with other employment opportunities in its geographical area and commensurate with their contributions toward efficient corporate operations.
- E) In this respect, the company will conduct its operations prudently and will provide the profits and growth which will assure our ultimate success.

Answer: B

Diff: 3

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

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

100) Effective mission statements can vary in

- A) length.

- B) content.
- C) format.
- D) specificity.
- E) All of the above

Answer: E

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

101) Which component of a mission statement addresses the firm's distinctive competence or major competitive advantage?

- A) Technology
- B) Philosophy
- C) Concern for public image
- D) Customers
- E) Self-concept

Answer: E

Diff: 2

Objective: 2.03 Identify the components of mission statements.

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

102) Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?

- A) Technology
- B) Philosophy
- C) Concern for public image
- D) Customers
- E) Self-concept

Answer: B

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

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

103) Which question(s) are answered in an effective mission statement?

- A) Is the firm committed to growth and financial soundness?
- B) Are employees a valuable asset of the firm?
- C) Geographically, where does the firm compete?
- D) Who are the firm's customers?
- E) All of the above

Answer: E

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

104) Which of the following is NOT one of the nine recommended components of a mission statement?

- A) Strategies
- B) Self-concept
- C) Concern for employees
- D) Markets
- E) Customers

Answer: A

Diff: 1

Objective: 2.03 Identify the components of mission statements.

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

105) Effective and carefully planned mission statements

- A) require major changes every few months.
- B) require major changes every few quarters.
- C) require major revision every few years.
- D) become ineffective in the first year.
- E) stand the test of time.

Answer: E

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

106) Describe why a mission statement is so important in the strategic-management process.

Answer: A clear mission statement is essential for effectively establishing objectives and formulating strategies. It reveals what an organization wants to be and whom it wants to serve. A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and for the design of managerial structures.

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

107) Compare and contrast vision statements with mission statements.

Answer: Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, "What is our business?" the vision statement answers the question, "What do we want to become?" When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge. Campbell and Yeung also differentiate between the terms vision and mission, saying that vision is "a possible and desirable future state of an organization" that includes specific goals, whereas mission is more associated with behavior and the present.

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

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

108) Explain the process of developing a mission statement.

Answer: A widely used approach to developing a mission statement is first to select several articles about mission statements and ask all managers to read these as background information. Then ask managers themselves to prepare a mission statement for the organization. A facilitator or committee of top managers should then merge these statements into a single document and distribute this draft mission statement to all managers. A request for modifications, additions and deletions is needed next, along with a meeting to revise the document. To the extent all managers have input into and support the final mission statement document, organizations can more easily obtain managers' support for other strategy formulation, implementation and evaluation activities.

Diff: 2

AACSB: Written and oral communication

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

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

109) King and Cleland recommend that organizations carefully develop a written mission statement for four reasons. List and describe them.

Answer: King and Cleland recommend that organizations carefully develop a written mission statement in order to reap the following benefits: 1) to make sure all employees/managers understand the firm's purpose or reason for being; 2) to provide a basis for prioritization of key internal and external factors utilized to formulate feasible strategies; 3) to provide a basis for the allocation of resources; 4) to provide a basis for organizing work, departments, activities, and segments around a common purpose.

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

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

110) Explain what it means for a mission statement to have a customer orientation.

Answer: A good mission statement reflects the anticipations of customers. Rather than developing a product and then trying to find a market, the operating philosophy of organizations should be to identify customers' needs and then provide a product or service to fulfill those needs. Good mission statements also identify the utility of a firm's products to its customers. A major reason for developing a business mission statement is to attract customers who give meaning to an organization.

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

111) A good mission statement effectively reflects the anticipations of customers and reveals the utility that various products or services offer customers. Give three examples of this.

Answer: Student answers may vary, but could include: 1) AT&T's mission statement focuses on communication rather than on telephones; 2) Exxon's mission statement focuses on energy rather than on oil and gas; 3) Union Pacific's mission statement focuses on transportation rather than on railroads; and/or 4) Universal Studios' mission statement focuses on entertainment rather than on movies.

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

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

112) List and define the major components of an effective mission statement.

Answer: Students should list and define the following components of an effective mission statement: 1) customers, 2) products or services, 3) markets, 4) technology, 5) concern for survival, growth and profitability, 6) philosophy, 7) self-concept, 8) concern for public image and 9) concern for employees.

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

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

113) Define and give an example of the self-concept component in a mission statement.

Answer: The self-concept component of a mission statement asks the question, "What is the firm's distinctive competence or major competitive advantage?" An example of the self-concept component is, "Crown Zellerbach is committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of its employees."

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

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

Strategic Management, 15e (David/David)

Chapter 3 The External Assessment