***Strategic Management: Text and Cases, 9e* (Dess)**

**Chapter 1 Strategic Management: Creating Competitive Advantages**

1) Lands' End's failure under the leadership of Ms. Frederica Marchionni was said to be a direct result of the quality of her leadership. According to the text, this would be an example of the "romantic" perspective of leadership.

2) Strategic management consists of the analyses, decisions, and actions an organization undertakes in order to create and sustain competitive advantages.

3) Management innovations such as total quality, just-in-time, benchmarking, business process reengineering, and outsourcing are important but not enough for building sustainable competitive advantage.

4) Trade-off decisions between effectiveness and efficiency are important in the practice of strategic management.

5) According to Henry Mintzberg, a management scholar, most firms do *not* realize their original intended strategy.

6) The final realized strategy of a firm is a combination of deliberate and time-tested strategies only.

7) Strategy analysis is the study of only the big picture external environments of the firm.

8) All successful firms compete and outperform their rivals by developing bases for competitive advantage, which can be achieved only through cost leadership.

9) The three primary participants in corporate governance are: (1) the shareholders, (2) the management (led by the chief executive officer), and (3) the employees.

10) Decisions by boards of directors are always consistent with shareholder interests.

11) Ensuring effective corporate governance requires an effective and engaged board of directors, uninvolved shareholders, and proper managerial rewards and incentives.

12) Social responsibility is the idea that organizations are only accountable to stockholders.

13) Shell, NEC, and Procter and Gamble have been measuring their performance according to what has been called a triple bottom line. This technique involves an assessment of financial, social, and environmental performance.

14) Sustainability is being increasingly recognized as a source of cost efficiencies and revenue growth.

15) Strategic management requires managers at all levels of the organization to take a segregated view of the organization.

16) The strategic management process should be addressed only by top-level executives. Mid-level and low-level employees are best equipped to implement the strategies of the organization.

17) Richard Branson, the founder of the Virgin Group, is well known for creating an inclusive organizational structure in which anybody in the organization can be involved in generating and acting on new business ideas.

18) The vision of an organization is at the top level of its hierarchy of organizational goals. The vision statement should be massively inspiring, overarching, and long term.

19) Much research has supported the notion that individuals work much harder when they are asked to do their best rather than when they are striving toward a specific goal.

20) An idealistic vision can arouse employee enthusiasm and therefore is a good vision.

21) The text addresses two perspectives of leadership as well as their implications. These two perspectives are

A) romantic and unromantic.

B) romantic and internal control.

C) external control and unromantic.

D) romantic and external control.

22) Ms. Frederica Marchionni became CEO of Land's End in February 2015 when the company showed a 73.8 million-dollar profit. By mid-June of 2016, the company had lost 27.2 million dollars. What went wrong?

A) The new leadership did not understand the corporate culture and image.

B) The marketplace liked the new image.

C) The founder undermined the new CEO in her ability to bring about change.

D) The new goals and objectives were coherent with the company mission statement.

23) A CEO made a lot of mistakes in assessing the market and the competitive conditions and improperly redesigning the organization into numerous business units. Such errors led to significant performance declines. According to the text, this example illustrates the \_\_\_\_\_\_\_\_ perspective of leadership.

A) external control

B) romantic

C) internal mechanism

D) operational

24) According to the external control view of leadership, which of the following factors would *not* be considered an external factor that might positively or negatively affect a firm's success?

A) economic downturns

B) governmental legislation

C) outbreak of war

D) company employee morale

25) According to the text, the strategic management process entails three ongoing processes. They are

A) analyses, actions, and synthesis.

B) analyses, decisions, and actions.

C) analyses, evaluation, and critique.

D) analyses, synthesis, and decisions.

26) Management innovations such as total quality, benchmarking, and business process reengineering cannot lead to sustainable competitive advantage because

A) companies that have implemented these techniques have lost money.

B) there is no proof that these techniques work.

C) they cost too much money and effort to implement.

D) every company is trying to implement them.

27) The organizational versus the individual rationality perspective suggests that objectives that are

A) good for a functional area are always good for the overall organization.

B) good for the overall organization are always best for a functional area.

C) best for a functional area may not be best for the overall organization.

D) best for one functional area will never be best for all functional areas.

28) The four key attributes of strategic management include the idea that strategy must

A) be directed toward overall organizational goals and objectives.

B) be focused only on long-term objectives.

C) be focused on only one specific area of an organization.

D) focus only on competitor strengths.

29) The four key attributes of strategic management include all of the following *except*

A) including multiple stakeholder interests in decision making.

B) incorporating both short-term and long-term perspectives.

C) recognizing the trade-offs between effectiveness and efficiency.

D) emphasis on the attainment of short-term objectives.

30) Effectiveness is often defined as

A) doing things right.

B) stakeholder satisfaction.

C) doing the right thing.

D) productivity enhancement.

31) In choosing to focus on stakeholders, which of the following will *not* lead to success for a manager?

A) shareholders and employees

B) employees and suppliers

C) customers and the community at large

D) customers only

32) In strategic management, both the short-term and long-term perspectives need to be considered because

A) shareholder value is only measured by short-term returns.

B) shareholders only care about long-term returns.

C) long-term vision precludes the analysis of present operating needs.

D) the creative tension between the two forces managers to develop more successful strategy.

33) Strategic management involves the recognition of trade-offs between effectiveness and

A) cost.

B) value.

C) return on investment.

D) efficiency.

34) All the following are ambidextrous behaviors *except*

A) taking initiative and being alert to opportunities beyond the job description.

B) being cooperative and seeking opportunities to combine personal efforts with that of others.

C) intensely focusing on the responsibilities of one individual and maximizing the output of the department in the organization in which that individual works.

D) being brokers, always looking to build internal linkages.

35) Ambidextrous behaviors in individuals illustrate how a dual capacity for \_\_\_\_\_\_\_\_ can be woven into the fabric of an organization at the individual level.

A) alignment and adaptability

B) alignment and transparency

C) alignment and internal linkages

D) alignment and efficiency

36) The innovation paradox implies that consistency in products and services provokes a tension with the need for new products. This results in a conflict between

A) stability and change.

B) structure and culture.

C) rewards and metrics.

D) stability and metrics.

37) According to Henry Mintzberg, the final realized strategy of a firm is

A) a combination of deliberate and emergent strategies.

B) a combination of deliberate and differentiation strategies.

C) not deliberate.

D) a result of unrealized intended strategy.

38) \_\_\_\_\_\_\_\_ may be considered the advance work that must be done in order to effectively formulate and implement strategies.

A) Goal setting

B) Corporate entrepreneurship

C) Strategy analysis

D) Organizational design

39) Strategy analysis is the starting point of the strategic management process and consists of the

A) analysis only of the vision, mission, and objectives of the firm.

B) analysis of the relevant internal and external environmental factors only.

C) analysis of relevant competitors only.

D) matching of vision, mission, and objectives with the relevant internal and external environmental factors.

40) Strategy formulation at the business level addresses best how to compete in a given business

A) to attain competitive advantage.

B) to reduce costs.

C) to decrease buyer power.

D) to thwart entry of new rivals.

41) Corporate level strategy focuses on what businesses to compete in and

A) how business can be managed to achieve synergy.

B) how business can be managed to reduce synergy.

C) how the firm can work as a stand-alone entity.

D) how the firm can create more value by operating alone.

42) Corporate-level strategy looks at how to manage the \_\_\_\_\_\_\_\_ of its businesses to create synergies.

A) portfolio

B) stock prices

C) competitors

D) market pricing

43) Entering foreign markets requires firms to ascertain foremost how they will attain

A) market share.

B) low costs.

C) competitive advantage.

D) low returns on investment.

44) New value creation is a major engine for economic growth and is the main focus of \_\_\_\_\_\_\_\_ strategy.

A) portfolio

B) corporate-level

C) business-level

D) entrepreneurial

45) Two types of strategic control that firms must exercise for good strategy implementation are

A) informational and confrontational.

B) confrontational and behavioral.

C) behavioral and financial.

D) informational and behavioral.

46) Effective organizational design means that firms must have \_\_\_\_\_\_\_\_ that are consistent with their strategy.

A) designs and plans

B) organizational structures and designs

C) adopters and designs

D) adopters and plans

47) Learning organizations permit the entire organization to benefit from \_\_\_\_\_\_\_\_ talents.

A) internal and external

B) individual and collective

C) internal and collective

D) external and individual

48) Effective leaders set a direction and develop an organization so that it is committed to excellence and \_\_\_\_\_\_\_\_ behavior.

A) performant

B) strategic

C) ethical

D) positive

49) Strategies should be formulated that enhance foremost the \_\_\_\_\_\_\_\_ capacity of a firm.

A) innovative

B) learning

C) implementation

D) business-level

50) Strategy implementation can be the most difficult part of the strategic management process. Which of the following is *not* likely to be a cause of implementation failure?

A) leadership

B) competition

C) coordination and integration of activities within and outside of the firm

D) organizational commitment to excellence

51) In the interview with Admiral William H. McRaven, he suggests that several duties, responsibilities and organizational relationships are similar between his military career activity and his role as chancellor. He says that he is a servant leader. Which of the following lessons is *not* one from his military career?

A) Change cannot be made without understanding the organizational environment.

B) A leader must establish relationships early by reaching out to stakeholders within and external to the organization.

C) Communication and collaboration need to be reinforced by the organizational culture.

D) Actions must be moral, legal, ethical, and judgmental.

52) The three participants in corporate governance are the shareholders,

A) board of directors, and employees.

B) labor unions, and employees.

C) board of directors, and management.

D) banks and lending institutions, and management.

53) While working to prioritize and fulfill their responsibilities, members of the board of directors of an organization should

A) represent their own interests.

B) represent the interests of the shareholders.

C) direct all actions of the CEO.

D) emphasize the importance of short-term goals.

54) Members of boards of directors are

A) appointed by the Securities and Exchange Commission.

B) elected by the shareholders as their representatives.

C) elected by the public.

D) only allowed to serve one term of four years.

55) An organization is responsible to many different entities. In order to meet the demands of these groups, organizations must participate in stakeholder management. Stakeholder management means that

A) interests of the stockholders are not the only interests that matter.

B) stakeholders are second in importance to the stockholders.

C) stakeholders and managers inevitably work at cross-purposes.

D) all stakeholders receive financial rewards.

56) Stakeholders are

A) a new way to describe stockholders.

B) individuals, groups, and organizations who have a stake in the success of the organization.

C) creditors who hold a lien on the assets of the organization.

D) attorneys and their clients who sue the organization.

57) Procter and Gamble has perfected a technique for compacting cleaning powder into a liquid concentration. Consumers, retailers, shipping and wholesalers, and environmentalists all have benefited from the resulting change in consumer shopping habits and the revolution in industry supply-chain economics. According to the text, this is an example of

A) zero-sum relationship among stakeholders.

B) stakeholder symbiosis.

C) rewarding stakeholders.

D) emphasizing financial returns.

58) There are several perspectives of competition. One perspective is zero-sum thinking. Zero-sum thinking means that

A) all parts of the organization gain at no loss.

B) in order for someone to gain others must experience no gain or benefit.

C) one can only gain at the expense of someone else.

D) everyone in the organization shares gains and losses equally.

59) Managers should do more than focus on short-term financial performance. One concept that helps managers do this is stakeholder symbiosis. This means that

A) stakeholders are dependent on each other for their success.

B) stakeholders look out for their individual interests.

C) one can only gain at the expense of someone else.

D) all stakeholders want to maximize shareholder returns.

60) Employee stakeholders are concerned with

A) taxes, warranties, and regulations.

B) wages, benefits, and job security.

C) good citizenship behavior.

D) dividends.

61) Stockholders as a stakeholder group are interested primarily in

A) payment of interest and repayment of principal.

B) value and warranties.

C) dividends and capital appreciation.

D) taxes and compliance with regulations.

62) Wall Street executives have received excessive bonus pay in the past. This concerns which of the following stakeholder groups most directly?

A) government

B) suppliers

C) creditors

D) stockholders

63) Supplier stakeholders are concerned with

A) assurance of a continued relationship with the firm.

B) employee benefits.

C) safe working conditions.

D) capital appreciation.

64) Community stakeholders are concerned primarily with

A) product warranties.

B) corporate citizenship behavior.

C) capital appreciation.

D) repayment of principal.

65) Firms must be aware of goals other than short-term profit maximization. One area of concern should be social responsibility, which is the

A) expectation that business will strive to improve the overall welfare of society.

B) idea that organizations are solely responsible to local citizens.

C) fact that court costs could impact the financial bottom line.

D) idea that businesses are responsible for maintaining a healthy social climate for their employees.

66) According to the text, the triple bottom line approach to corporate accounting includes which three components?

A) financial, environmental, and customer

B) financial, organizational, and customer

C) financial, environmental, and social

D) financial, organizational, and psychological

67) A key stakeholder group that is particularly susceptible to corporate social responsibility (CSR) initiatives is

A) suppliers.

B) rivals.

C) government agencies.

D) consumers.

68) According to the Corporate Citizenship poll conducted by Cone Communications, most Americans say they would be likely to switch brands to one associated with a good cause, if there are similarities between

A) price and availability.

B) availability and quality.

C) price and quality.

D) price and durability.

69) According to a CEO survey by Accenture, \_\_\_\_\_\_\_\_ are not mutually exclusive corporate goals.

A) quality and profitability

B) sustainability and profitability

C) ROI and quality

D) availability and ROI

70) The ROI on sustainability efforts can be difficult to quantify because

A) an excess of necessary data for accurate calculation is readily available.

B) benefits from such projects are tangible.

C) the payback period is on a different time frame.

D) the payback period is on the same time frame.

71) Sustainability programs often find their success beyond company boundaries, thus \_\_\_\_\_\_\_\_ systems and \_\_\_\_\_\_\_\_ metrics cannot capture all of the relevant numbers.

A) external; bio

B) internal; process

C) external; external

D) internal; internal

72) Traditional financial models are built around relatively easy-to-measure, monetized results; whereas, the benefits of sustainability projects involve

A) clear tangibles.

B) clear intangibles.

C) fuzzy tangibles.

D) fuzzy intangibles.

73) The case for sustainability projects needs to be made on the basis of a more holistic and comprehensive understanding of all the \_\_\_\_\_\_\_\_ benefits.

A) measurable and unmeasurable

B) financial and physical

C) tangible and intangible

D) measurable and physical

74) Some benefits of sustainability projects include

A) reducing risks.

B) lagging behind regulations.

C) displeasing communities.

D) ignoring employee morale.

75) Many organizations have a large number of functional areas with very diverse and sometimes competing interests. Such organizations will be most effective if

A) each functional area focuses on achieving their own goals.

B) goals are defined at the bottom and implemented at the top.

C) functional areas work together to attain overall goals.

D) management and employees have separate goals.

76) Strategy formulation and implementation is a challenging ongoing process. To be effective, it should *not* involve

A) the CEO and the board of directors.

B) the board of directors, CEO, and CFO.

C) rivals.

D) line and staff managers.

77) The text argues that a strategic perspective in an organization should be emphasized

A) at the top of the organization.

B) at the middle of the organization.

C) throughout the organization.

D) from the bottom up.

78) Peter Senge, of MIT, recognized three types of leaders. \_\_\_\_\_\_\_\_ are individuals that, although having little positional power and formal authority, generate their power through the conviction and clarity of their ideas.

A) Local line leaders

B) Executive leaders

C) Internal networkers

D) Shop floor leaders

79) Peter Senge, of MIT, recognized three types of leaders. Which of the following describes individuals who champion and guide ideas, create learning infrastructure, and establish a domain for taking action?

A) local line leaders

B) executive leaders

C) internal networkers

D) shop floor leaders

80) Leadership is a necessary (but not sufficient) condition for organizational success. Leaders should emerge at which level(s) of an organization?

A) only at the top

B) in the middle

C) throughout the organization

D) only during times of change

81) Local line leaders have \_\_\_\_\_\_\_\_ responsibility.

A) local

B) executive

C) profit-and-loss

D) no

82) Internal networks generate their power through the \_\_\_\_\_\_\_\_ of their ideas.

A) validity and correctness

B) conviction and clarity

C) validation and recognition

D) approval and awareness

83) Executive leaders champion and guide ideas by

A) reinforcing ideas that did not work.

B) creating a learning infrastructure.

C) validating their formal authority.

D) increasing their personal power.

84) Richard Branson, founder of the Virgin Group, empowers his companies through a(n) \_\_\_\_\_\_\_\_ structure in which anyone can bring forth new ideas.

A) formal

B) hierarchal

C) multi-level

D) informal

85) To inculcate a strategic management perspective, managers must create management \_\_\_\_\_\_\_\_ to foster change.

A) processes

B) buy-back

C) structures

D) edicts

86) Netflix inculcates a strategic management perspective by

A) emphasizing transparency.

B) creating an environment of non-sharing.

C) obliging a top-down management style.

D) training only high potential employees.

87) For strategic management to be effective in achieving organizational goals,

A) people throughout the organization must work in isolation.

B) top managers only take an integrative, strategic perspective.

C) leaders alone are responsible for the organizational outcome.

D) people throughout the organization must strive toward overall goals.

88) Richard Branson of the Virgin Group believes that the \_\_\_\_\_\_\_\_ of a person should not dictate the level of influence their ideas should be accorded.

A) age

B) seniority

C) position

D) education

89) The hierarchy of organizational goals is in the following order (least specific to most specific):

A) vision statements, strategic objectives, mission statements.

B) mission statements, strategic objectives, vision statements.

C) vision statements, mission statements, strategic objectives.

D) mission statements, vision statements, strategic objectives.

90) Vision statements are used to create a better understanding of the overall purpose and direction of the organization. Vision statements

A) are very specific.

B) provide specific objectives.

C) set organizational structure.

D) are massively inspiring.

91) Effective vision statements include

A) all strategic directions of the organization.

B) a brief statement of the company's direction.

C) strategic posturing and future objectives.

D) financial objectives and projected figures.

92) WellPoint Health Network states: WellPoint will redefine our industry through a new generation of consumer-friendly products that put individuals back in control of their future. This is an example of a

A) strategic objective.

B) vision statement.

C) vague statement of direction.

D) line manager's individual goal.

93) Although such visions cannot be accurately measured by a specific indicator of how well they are being achieved, they do provide a fundamental statement of the \_\_\_\_\_\_\_\_ of an organization.

A) values, aspirations, and goals

B) expected returns and limitations

C) outstanding debt

D) credibility

94) In contrast to the vision of an organization, its mission should

A) be shorter in length.

B) encompass both the purpose of the company as well as the basis of competition.

C) encompass all the major rules and regulations of the corporate work force.

D) be less detailed.

95) The vision and mission statements of a company set the overall direction of the organization. Strategic objectives serve what role?

A) operationalize the mission statement

B) modify the mission statement

C) are a shorter version of the mission statement

D) are only clarified by the board of directors

96) Successful organizations are effective in motivating people. Employees work best when

A) they are asked to do their best.

B) work requirements are vague and unclear.

C) they are striving toward specific goals.

D) they are guided by an abstract mission statement.

97) Fortune Brands states they will cut corporate overhead costs by $30 million a year. This is an example of a

A) nonfinancial strategic objective.

B) financial strategic objective.

C) vision statement.

D) mission statement.

98) Our goal is to help save 100,000 more lives each year. (Varian Medical Systems) This is an example of a

A) nonfinancial strategic objective.

B) financial strategic objective.

C) vision statement.

D) mission statement.

99) In large organizations, conflicts can arise between functional areas. In order to resolve these conflicts, strategic objectives

A) put financial objectives above human considerations.

B) align departments toward departmental goals.

C) help resolve conflicts through their common purpose.

D) cause debate and increase conflict.

100) Which of the following is *not* an example of a financial strategic objective?

A) Increase sales growth 6 percent to 8 percent and accelerate core net earnings growth from 13 percent to 15 percent per share in each of the next 5 years. (Procter & Gamble)

B) Reduce volatile air emissions 15 percent by 2015 from 2010 base year, indexed to net sales. (3M)

C) Generate Internet-related revenue of $1.5 billion. (AutoNation)

D) Cut corporate overhead costs by $30 million per year. (Fortune Brands)

101) In large organizations, the potential exists for different parts of an organization to pursue its own goals rather than the overall company goals. Proper \_\_\_\_\_\_\_\_ can help to resolve conflicts when they arise.

A) mission statements

B) vision statements

C) organization structure

D) objectives

102) Using Apple, Alphabet, or Microsoft, explain how strategic management has led the company to industry dominance. Discuss the vision/mission of the company, its corporate objectives, and the leadership qualities that support this company's strategy. Be sure to use specific numerical outcomes as proof of your evaluation.

103) Do corporate mission statements really matter? Justify your response with concrete industry examples.

104) Explain how corporate governance mechanisms are used in the strategic management process. Illustrate the role of each stakeholder with industry examples.

105) Why do organizations need three types of leaders (local line leaders, executive leaders, internal networkers)? Use industry examples to support your answer.

106) Strategic coherence is an essential element for assuring that a company's mission/vision is realized. Describe the factors that are involved in creating strategic coherence. Use an industry example to support your description and explain how the objectives meet the SMART criteria (Specific, Measurable, Appropriate, Realistic, Timely).