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Chapter 02

Charting a Company's Direction: Its Vision, Mission, Objectives, and Strategy

Multiple Choice Questions

1. Which one of the following is NOT one of the five basic tasks of the strategy-making, strategy-executing process?

A. Developing a strategic vision of where the company needs to head and what its future business makeup will be.

B. Setting objectives to convert the strategic vision into specific strategic and financial performance outcomes for the company to achieve.

C. Crafting a strategy to achieve the objectives and get the company where it wants to go.

D. Developing a profitable business model.

E. Executing the chosen strategy efficiently and effectively.

2. A company's strategic plan:

A. maps out the company's history.

B. links the company's financial targets to control mechanisms.

C. outlines the competitive moves and approaches to be used in achieving the desired business results.

D. challenges the company to maintain invariable objectives.

E. All of these.

3. Which of the following tasks of the strategy-making, strategy-execution managerial process make up the company's strategic plan?

A. Developing a strategic vision, mission, and core values.

B. Executing the strategy.

C. Monitoring developments, evaluating performance, and initiating corrective adjustments.

D. All of these.

E. None of these.

4. Which of the following is an integral part of the managerial process of crafting and executing strategy?

A. Developing a proven business model.

B. Deciding how much of the company's resources to employ in the pursuit of sustainable competitive advantage.

C. Setting objectives and using them as yardsticks for measuring the company's performance and progress.

D. Communicating the company's values and code of conduct to all employees.

E. Deciding on the company's strategic intent.

5. Which of the following are integral parts of the managerial process of crafting and executing strategy?

A. Developing a strategic vision, setting objectives, and crafting a strategy.

B. Developing a proven business model, deciding on the company's strategic intent, and crafting a strategy.

C. Setting objectives, crafting a strategy, implementing and executing the chosen strategy, and deciding how much of the company's resources to employ in the pursuit of sustainable competitive advantage.

D. Coming up with a statement of the company's mission and purpose, setting objectives, choosing what business approaches to employ, selecting a business model, and monitoring developments.

E. Deciding on the company's strategic intent, setting financial objectives, crafting a strategy, and choosing what business approaches and operating practices to employ.

6. The strategy-making, strategy-executing process:

A. is usually delegated to members of a company's board of directors so as not to infringe on the time of busy executives.

B. includes establishing a company's mission, developing a business model aimed at making the company an industry leader, and crafting a strategy to implement and execute the business model.

C. embraces the tasks of developing a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then monitoring developments and initiating corrective adjustments in light of experience, changing conditions, and new opportunities.

D. is principally concerned with sizing up an organization's internal and external situation, so as to be prepared for the challenges of developing a sound business model.

E. is primarily the responsibility of top executives and the board of directors; very few managers below this level are involved in the process.

7. A company's strategic vision describes:

A. "who we are and what we do."

B. why the company does certain things in trying to please its customers.

C. management's storyline of how it intends to make a profit with the chosen strategy.

D. management's aspirations for the future and delineates the company's strategic course and long-term direction.

E. what future actions the enterprise will likely undertake to outmaneuver rivals and achieve a sustainable competitive advantage.

8. The real purpose of the company's strategic vision:

A. is management's story line for how it plans to implement and execute a profitable business model.

B. sets forth what business the company is presently in and why it uses particular operating practices in trying to please customers.

C. serves as management's tool for giving the organization a sense of direction.

D. defines "who we are and what we do."

E. spells out a company's strategic intent, its strategic and financial objectives, and the business approaches and operating practices that will underpin its efforts to achieve sustainable competitive advantage.

9. A strategic vision constitutes management's view and conclusions about the company's:

A. long-term direction and what product-market-customer mix seems optimal.

B. business model and the kind of value that it is trying to deliver to customers.

C. story line of why the business will be a moneymaker.

D. defined challenge to understand "who they are and what they do."

E. long-term plan for outcompeting rivals and achieving a competitive advantage.

10. The managerial task of developing a strategic vision for a company:

A. concerns deciding what approach the company should take to implement and execute its business model.

B. entails coming up with a fairly specific answer to "who are we, what do we do, and why are we here?".

C. is chiefly concerned with addressing what a company needs to do to successfully outcompete rivals in the marketplace.

D. involves deciding upon what strategic course a company should pursue in preparing for the future and why this directional path makes good business sense.

E. entails coming up with a persuasive storyline of how the company intends to make money.

11. Which one of the following is NOT an accurate attribute of an organization's strategic vision?

A. Providing a panoramic view of "where we are going".

B. Outlining how the company intends to implement and execute its business model.

C. Pointing an organization in a particular direction and charting a strategic path for it to follow.

D. Helping mold an organization's character and identity.

E. Describing the company's future product-market-customer-technology focus.

12. Management's strategic vision for an organization:

A. charts a strategic course for the organization ("where we are going") and provides a rationale for why this directional path makes good sense.

B. describes in fairly specific terms the organization's strategic intent, strategic objectives, and strategy.

C. spells out how the company will become a big moneymaker and boost shareholder value.

D. addresses the critical issue of "why our business model needs to change and how we plan to change it."

E. spells out the organization's strategic intent and the actions and moves that will be undertaken to achieve it.

13. Well-conceived visions are________and___________to a particular organization and they avoid generic, feel-good statements that could apply to hundreds of organizations.

A. widespread; unique

B. recurring; customary

C. distinctive; specific

D. customary; familiar

E. universal; established

14. What a company's top executives are saying about where the company is headed long term and about what the company's future product-market-customer-technology mix will be:

A. indicates what kind of business model the company is going to have in the future.

B. constitutes their strategic vision for the company.

C. signals what the firm's strategy will be.

D. serves to define the company's mission.

E. indicates what the company's long-term strategic plan is.

15. One of the important benefits of a well-conceived and well-stated strategic vision is to:

A. clearly delineate how the company's business model will be implemented and executed.

B. clearly communicate management's aspirations for the company to stakeholders and help steer the energies of company personnel in a common direction.

C. set forth the firm's strategic objectives in clear and fairly precise terms.

D. help create a "balanced scorecard" approach to objective-setting and not stretch the company's resources too thin across different products, technologies, and geographic markets.

E. indicate what kind of sustainable competitive advantage the company will try to create in the course of becoming the industry leader.

16. The defining characteristic of a well-conceived strategic vision is:

A. what it says about the company's future strategic course—"the direction we are headed and what our future product-market-customer-technology focus will be."

B. that it not stretch the company's resources too thin across different products, technologies, and geographic markets.

C. clarity and specificity about "who we are, what we do, and why we are here."

D. that it be flexible and in the mainstream.

E. that it be within the realm of what the company can reasonably expect to achieve within four years.

17. Which one of the following questions is NOT pertinent to company managers in thinking strategically about what directional path should be taken by the company and about developing a strategic vision?

A. Is the outlook for the company promising if it continues with its present product offerings?

B. Are changing market and competitive conditions acting to enhance or weaken the company's prospects?

C. What business approaches and operating practices should we consider in trying to implement and execute our business model?

D. What strategic course offers attractive opportunity for growth and profitability?

E. What, if any, new customer groups and/or geographic markets should the company get in position to serve?

18. Which one of the following questions is NOT something that company managers should consider in choosing to pursue one strategic course or directional path versus another?

A. Are changing market and competitive conditions acting to enhance or weaken the company's business outlook?

B. Is the company stretching its resources too thinly by trying to compete in too many markets or segments, some of which are unprofitable?

C. Will our present business generate sufficient growth and profitability in the years ahead to please shareholders?

D. What market opportunities should the company pursue and which ones should not be pursued?

E. Do we have a better business model than key rivals?

19. Which of the following are characteristics of an effectively worded strategic vision statement?

A. Balanced, responsible, and rational.

B. Challenging, competitive, and "set in concrete".

C. Graphic, directional, and focused.

D. Realistic, customer-focused, and market-driven.

E. Achievable, profitable, and ethical.

20. Which one of the following is NOT a characteristic of an effectively worded strategic vision statement?

A. Directional (is forward-looking, describes the strategic course that management has charted that will help the company prepare for the future).

B. Easy to communicate (is explainable in 5-10 minutes, and can be reduced to a memorable slogan).

C. Graphic (paints a picture of the kind of company management is trying to create and the market position(s) the company is striving to stake out).

D. Consensus-driven (commits the company to a "mainstream" directional path that almost all stakeholders will enthusiastically support).

E. Focused (provides guidance to managers in making decisions and allocating resources).

21. Which of the following is NOT a common shortcoming when wording a company's vision statement? When the statement is somewhat:

A. vague or incomplete—short on specifics.

B. flexible—allowing for adjustments to reflect changing circumstances.

C. bland or uninspiring—short on inspiration.

D. generic—could apply to most any company (or at least several others in the same industry).

E. reliant on superlatives (best, most successful, recognized leader, global or worldwide leader, first choice of customers).

22. Which of the following ARE common shortcomings of company vision statements?

A. Too specific, too inflexible, and can't be achieved in five years.

B. Unrealistic, unconventional, and un-businesslike.

C. Too broad, vague or incomplete, bland/uninspiring, not distinctive, and too reliant on superlatives.

D. Too broad, too narrow, and too risky.

E. Not customer-driven, out of step with emerging technological trends, and too ambitious.

23. Breaking down resistance to a new strategic vision typically requires that management, on an as needed basis:

A. institute a balanced scorecard approach to measuring company performance, with the "balance" including a mixture of both old and new performance measures.

B. inform company personnel about forthcoming changes in the company's strategy.

C. reiterate the company's need for the new direction, while addressing employee concerns head-on, calming fears, lifting spirits, and providing them with updates and progress reports as events unfold.

D. explain all updates and merits of the company's business model to align strategy with employee concerns.

E. raise wages and salaries to win the support of company personnel for the company's new direction.

24. An engaging and convincing strategic vision:

A. ought to be done in writing rather than orally so as to leave no room for company personnel to misinterpret what the strategic vision really is.

B. should be done in language that inspires and motivates company personnel to unite behind executive efforts to get the company moving in the intended direction.

C. tends to be more effective when top management avoids trying to capture the essence of the strategic vision in a catchy slogan.

D. is most efficiently and effectively done by posting the strategic vision prominently on the company's website and encouraging employees to read it.

E. should be explained after the company's strategic intent, strategy, and business model has been conveyed to company personnel.

25. A strategic vision has enormous motivational value and can usually be stated adequately in one to two paragraphs, and managers should be able to personally:

A. explain the vision and its rationale to company personnel and outsiders easily in several hours.

B. present their vision and its rationale in a bland and uninspiring manner to ensure stakeholders of its seriousness.

C. paint a convincing and inspiring picture of the company's journey and destination effectively.

D. communicate and distribute the vision to interested parties and to top executives only.

E. None of these.

26. The managerial task of effectively conveying the essence of the strategic vision is made easier by:

A. having operating strategies that are easy for company personnel to understand and execute.

B. combining the strategic vision and the company's values statement into a single document.

C. adopting a catchy slogan and then using it repeatedly to illuminate the direction and purpose of "where we are headed and why."

D. waiting until the company realizes its mission and ensures the existing corporate culture is compatible with the new vision and direction.

E. All of these.

27. Effectively communicating the strategic vision down the line to lower-level managers and employees has the value of:

A. inspiring company personnel to unite behind managerial efforts to get the company moving in the intended direction.

B. helping company personnel understand why "making a profit" is so important.

C. making it easier for top executives to set stretch objectives.

D. helping lower-level managers and employees better understand the company's business model.

E. All of these.

28. Perhaps the most important benefit of a vivid, engaging, and convincing strategic vision is:

A. helping gain managerial consensus on what resources must be developed to successfully achieve strategic objectives.

B. uniting company personnel behind managerial efforts to get the company moving in the intended direction.

C. helping justify the company's mission of making a profit.

D. helping company personnel understand the logic of the company's business model.

E. keeping company personnel well-informed.

29. A sound, well-communicated strategic vision matters, and the related payoffs occur in several respects, except in connection with:

A. reducing the risks of rudderless decision-making.

B. helping the organization prepare for the future.

C. avoiding strategic inflection points and management's reaction in aligning decision choices.

D. helping to crystallize top management's own view about the firm's long-term direction.

E. providing a tool for winning the support of organizational members for internal changes that will help make the vision a reality.

30. Which of the following is the result of a well-conceived and communicated strategic vision?

A. Senior executives solidify their own view of the firm's long-term direction.

B. The risk of rudderless decision-making is minimized.

C. Organizational members support the changes internally that will help make the vision a reality.

D. Assists the organization in preparing for the future.

E. All of these.

31. A company's mission statement typically addresses which of the following questions?

A. Who are we and what do we do?

B. What objectives and level of performance do we want to achieve?

C. Where are we going and what should our strategy be?

D. What approach should we take to achieve sustainable competitive advantage?

E. What business model should we employ to achieve our objectives and our vision?

32. The difference between the concept of a company mission statement and the concept of a strategic vision is that:

A. a mission concerns what to do to achieve short-term objectives, while a strategic vision concerns what to do to achieve long-term performance targets.

B. the mission is to make a profit, whereas a strategic vision concerns what business model to employ in striving to make a profit.

C. a mission statement deals with what to accomplish on behalf of shareholders, while a strategic vision concerns what to accomplish on behalf of customers.

D. a mission statement typically concerns a company's purpose and its present business scope ("who we are and what we do and why we are here"), whereas the principal concern of a strategic vision portrays a company's aspirations for its future ("where are we going").

E. a mission statement deals with "where we are headed," whereas a strategic vision provides the critical answer to "how will we get there?"

33. The primary difference between a company's mission statement and the company's strategic vision is that:

A. the mission explains why it is essential to make a profit, whereas the strategic vision explains how the company will be a moneymaker.

B. a mission statement typically concerns a company's present business scope and purpose, whereas a strategic vision sets forth "where we are going and why."

C. a mission deals with how to please customers, whereas a strategic vision deals with how to please shareholders.

D. a mission statement deals with "where we are headed," whereas a strategic vision provides the critical answer to "how will we get there?"

E. a mission statement addresses "how we are trying to make a profit today," while a strategic vision concerns "how will we make money in the markets of tomorrow?"

34. A company's mission statement should be sufficiently descriptive and should:

A. identify the company's services and products.

B. specify the buyer's needs that the company seeks to satisfy.

C. identify the customer or market that the company intends to serve.

D. give the company its own identity.

E. All of these.

35. A company should not couch its mission in terms of making a profit because a profit is more correctly:

A. an obligation and a reason for what a company does.

B. an objective and a result of what a company does.

C. an outlay and a rationale for what a company does.

D. an obligation and a responsibility for what a company does.

E. an outflow and a right of what a company does.

36. A company's values or core values concern:

A. whether and to what extent it intends to operate in an ethical and socially responsible manner.

B. how aggressively it will seek to maximize profits and enforce high ethical standards.

C. the beliefs and operating principles built into the company's "balanced scorecard" for measuring performance.

D. the beliefs, traits, and behavioral norms that company personnel are expected to display in conducting the company's business and pursuing its strategic vision and mission.

E. the beliefs, principles, and ethical standards that are incorporated into the company's strategic intent and business model.

37. A company's values relate to such things as:

A. how it will balance its pursuit of financial objectives against the pursuit of its strategic objectives.

B. how it will balance the pursuit of its business purpose/mission against the pursuit of its strategic vision.

C. fair treatment, integrity, ethical behavior, innovativeness, teamwork, top-notch quality, superior customer service, social responsibility, and community citizenship.

D. whether it will emphasize stock price appreciation or higher dividend payments to shareholders, and whether it will put more emphasis on the achievement of short-term performance targets or long-range performance targets.

E. All of these.

38. Company managers connect values to the chosen strategic vision and mission by:

A. integrating the company's values into its vision and mission/business purpose into one single statement.

B. using a values-based balanced scorecard to measure the company's progress in achieving the vision.

C. making achievement of the values a prominent part of the company's strategic objectives.

D. making it clear that company personnel are expected to live up to the values in conducting the company's business and pursuing its strategic vision.

E. making adherence to the company's values the centerpiece of the company's strategy.

39. The managerial purpose of setting objectives includes:

A. converting the strategic vision into specific performance targets—results and outcomes the organization wants to achieve.

B. using the objectives as yardsticks for tracking the company's progress and performance.

C. challenging and helping stretch the organization to perform at its full potential and deliver the best possible results.

D. pushing company personnel to be more inventive and to exhibit more urgency in improving the company's financial performance and business position.

E. All of these.

40. Well-stated objectives are:

A. quantifiable or measurable, and contain deadlines for achievement.

B. clear, succinct, and concise so as to identify the company's risk and return options.

C. historical probability of success determinants in meeting customer-product goals.

D. directly related to the dividend payout ratio for stockholder returns.

E. All of these.

41. What does a company specifically exhibit when it relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective?

A. Competitive edge.

B. Sustainable advantage.

C. Strategic intent.

D. Financial strength.

E. All of these.

42. A company exhibits strategic intent when:

A. management crafts and adopts a strategic plan.

B. it relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective.

C. it aggressively pursues financial objectives, establishing a priority on meeting the performance metrics and instilling a sense of urgency throughout the company.

D. management establishes a comprehensive set of financial objectives that meet stockholder expectations.

E. it capitalizes on its primary competitive advantage and ensures resources are allocated to maintain its strategy.

43. Managers can deliberately set challenging performance targets at levels high enough to promote outstanding company performance by establishing:

A. stretch objectives which challenge the organization to deliver stretch gains in performance.

B. mainstay objectives that although are easily attainable, and the company is obligated to meet, they are designed to spur motivation in the workforce.

C. financial objectives that drive standardization of cost-efficiency and unify stringent operating specifications.

D. a specifically detailed and integrated model of operating policies, practices, and procedures.

E. All of these.

44. A company needs financial objectives to:

A. spur company personnel to help the company overtake key competitors on such important measures as net profit margins and return on investment.

B. communicate management's targets for financial performance and achieve strategic objectives.

C. indicate to employees whether the emphasis should be on earnings per share, or return on investment, or return on assets, or positive cash flow.

D. convince shareholders that top management is acting in their interests.

E. counterbalance its pursuit of strategic objectives and have a balanced scorecard for judging the caliber of its overall performance.

45. Which of the following is the best example of a well-stated financial objective?

A. Increase earnings per share by 15 percent annually.

B. Gradually boost market share from 10 percent to 15 percent over the next several years.

C. Achieve lower costs than any other industry competitor.

D. Boost revenues by a percentage margin greater than the industry average.

E. Maximize total company profits and return on investment.

46. Which of the following is the best example of a well-stated strategic objective?

A. Increase revenues by more than the industry average.

B. Be among the top five companies in the industry in customer service.

C. Overtake key competitors on product performance or quality within three years.

D. Improve manufacturing performance by 5 percent within 12 months.

E. Obtain 150 new customers during the current fiscal year.

47. Strategic objectives:

A. are more essential in achieving a company's strategic vision than are financial objectives.

B. relate to strengthening a company's overall marketing standing and competitive position.

C. are more difficult to achieve and harder to measure than financial objectives.

D. are generally less important than financial objectives.

E. help managers track an organization's true progress better than financial objectives.

48. Adopting a set of "stretch" financial and "stretch" strategic objectives:

A. pushes the company to strive for lesser but adequate profitability levels, because the stretch objectives are considered unattainable.

B. is a widely held method for creating a "scorecard" for moderating company performance.

C. helps convert the mission statement into meaningful company values.

D. challenges company personnel to execute the strategy with greater enthusiasm, proficiency, and understanding.

E. is an effective tool for pushing the company to perform at its full potential and deliver the best possible results.

49. Which one of the following is NOT an advantage of setting "stretch" objectives?

A. Helping to avoid mediocre results.

B. Pushing company personnel to be more inventive and innovative.

C. Helping clarify the company's strategic vision and strategic intent.

D. Helping a company be more focused and intentional in its actions.

E. Spurring exceptional performance and helping build a firewall against contentment with modest performance gains.

50. Strategic intent refers to a situation where a company:

A. commits to using a particular business model to make money.

B. decides to adopt a particular strategy.

C. relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective.

D. commits to pursuing stretch strategic objectives.

E. changes its long-term direction and decides to pursue a newly adopted strategic vision.

51. A "balanced scorecard" for measuring company performance:

A. entails putting ***equal*** emphasis on financial and strategic objectives.

B. entails putting ***balanced*** emphasis on profit and non-profit objectives.

C. prevents the drive for achieving financial objectives from overwhelming the pursuit of strategic objectives.

D. prevents the drive for achieving strategic objectives from overwhelming the pursuit of financial objectives.

E. strikes a "balance" between financial and strategic objectives.

52. A "balanced scorecard" that includes both strategic and financial performance targets is a conceptually strong approach for judging a company's overall performance because:

A. it assists managers in putting roughly equal emphasis on short-term and long-term performance targets.

B. it entails putting ***equal*** emphasis on good strategy execution and good business model execution.

C. a balanced scorecard approach pushes managers to avoid setting objectives that reflect the results of past decisions and organizational activities.

D. financial performance measures are lagging indicators that reflect the results of past decisions and organizational activities, whereas strategic performance measures are leading indicators of a company's future financial performance and business prospects.

E. it forces managers to put ***equal*** emphasis on financial and strategic objectives.

53. Perhaps the most reliable way for a company to improve its financial performance over time is to:

A. put 100 percent emphasis on the achievement of its short-term and long-term financial objectives.

B. recognize that the achievement of strategic objectives signals that the company is well positioned to sustain or improve its performance.

C. substitute financial intent for strategic intent and judiciously concentrate on the mission of making a profit.

D. not allocate any resources to the achievement of strategic objectives until it is very clear that the company can meet or beat its stretch financial performance targets.

E. avoid use of the "balanced scorecard" philosophy since achievement of financial performance targets is obviously more important than the achievement of strategic performance targets.

54. A company that pursues and achieves strategic objectives:

A. is likely to weaken the achievement of its short-term and long-term financial objectives.

B. believes that the company's financial performance is not as important as it really is.

C. is generally not strongly focused on its true mission of making a profit.

D. is frequently in a better position to improve its future financial performance because of the increased competitiveness that flows from the achievement of strategic objectives.

E. is likely to be a weak financial performer because diverting resources to the pursuit of strategic objectives takes away from the achievement of financial performance targets.

55. A company needs performance targets or objectives:

A. to help guide managers in deciding what strategic path to take in the event that a strategic inflection point is encountered.

B. because they give the company clear-cut strategic intent.

C. in order to unify the company's strategic vision and business model.

D. for its operations as a whole and also for each of its separate businesses, product lines, functional departments, and individual work units.

E. in order to prevent lower-level organizational units from establishing their own objectives.

56. Company objectives:

A. are needed only in those areas directly related to a company's short-term and long-term profitability.

B. need to be broken down into performance targets for each of its organizational levels—for separate businesses, product lines, functional departments, and individual work units.

C. play the important role of establishing the direction in which it needs to be headed.

D. are important because they help guide managers in deciding what the company's strategic intent should be.

E. should be set in a manner that does not conflict with the performance targets of lower-level organizational units.

57. When trade-offs have to be made between achieving long-term and achieving short-term objectives:

A. long-term objectives should take precedence unless the short-term performance targets have unique importance.

B. long-term objectives should take precedence because of the need for future survival.

C. short-term objectives should take precedence because they focus attention on delivering performance improvement.

D. short-term objectives should take precedence unless the long-term performance targets are not achievable.

E. All of these.

58. The task of stitching together a strategy:

A. entails addressing a series of ***how's***: how to grow the business, how to please customers, how to outcompete rivals, how to respond to changing market conditions, and how to achieve strategic and financial objectives.

B. is primarily an exercise in deciding which of several freshly emerging market opportunities to pursue.

C. is mainly an exercise that should be dictated by what is comfortable to management from a risk perspective and what is acceptable in terms of capital requirements.

D. requires trying to copy the strategies of industry leaders as closely as possible.

E. is mainly an exercise in good planning.

59. Masterful strategies come from:

A. successful managerial efforts to develop a sound strategic vision.

B. doing a very thorough job of strategic planning.

C. involving as many company personnel as possible in the strategy-making process.

D. crafting a strategy that mimics the best parts of the strategies of the industry leaders.

E. doing things differently from competitors where it counts—out-innovating them, being more efficient, adapting faster—rather than running with the herd.

60. The faster a company's business environment is changing only makes it imperative for strategy makers to:

A. pay attention to early warnings of future change and be willing to experiment to establish a market position in the future.

B. stay abreast of the changes by developing a comprehensive knowledge management system to monitor the environment.

C. establish controls to ensure the impact of any changes is monitored appropriately and ensure the internal environment is maintained.

D. align their decision-making with organizational unit objectives.

E. to develop financial objectives that reflect the implications of change and that meet the internal environment's functional focus.

61. Strategy-making is:

A. primarily the responsibility of key executives rather than a task for a company's entire management team.

B. more of a collaborative group effort that involves all managers and sometimes key employees, as opposed to being the function and responsibility of a few high-level executives.

C. first and foremost the function and responsibility of a company's strategic planning staff.

D. first and foremost the function and responsibility of a company's board of directors.

E. first and foremost the function of a company's chief executive officer—who formulates strategic initiatives and submits them to the board of directors for approval.

62. Which of the following is NOT an accurate description of the task of crafting a company's strategy?

A. In most companies, crafting strategy is a team effort, involving managers and often key employees at many organization levels.

B. Ultimate responsibility for leading the strategy-making task rests with the chief executive officer.

C. The task of crafting strategy is best done by a company's chief strategic planning officer, who should report directly to the company's CEO and board of directors.

D. It is the responsibility and duty of a company's board of directors to ensure that new strategy proposals can be defended as superior to alternatives and, ultimately, to approve or disapprove of the strategy formulated and proposed by the company's management.

E. In most of today's companies, every company manager has a strategy-making role, ranging from major to minor, for his/her area of responsibility.

63. Managerial jobs with strategy-making responsibility:

A. extend throughout the managerial ranks and exist in every part of a company—business units, operating divisions, functional departments, manufacturing plants, and sales districts.

B. are primarily located in the strategic planning departments of large corporations.

C. are relatively rare because most strategy-making is done by the members of a company's board of directors.

D. seldom exist within a functional department (e.g., marketing and sales) or in an operating unit (a plant or a district office) because these levels of the organization structure are well below the level where strategic decisions are typically made.

E. are found only at the vice-president level and above in most companies.

64. Which of the following most accurately describes the task of crafting a company's strategy?

A. In most companies, strategy-making is the exclusive province of top management—owner-entrepreneurs, CEOs, and other very senior executives.

B. The more a company's operations cut across different products, industries, and geographical areas, the more that headquarters executives have little option but to delegate considerable strategy-making authority to down-the-line managers in charge of particular subsidiaries, product lines, geographic sales offices, and plants.

C. A company's board of directors generally takes the lead role in crafting a company's strategy.

D. In most of today's companies, the lead strategy-making role is being assumed by an elite group of corporate entrepreneurs.

E. Masterful strategies are nearly always the product of brilliant corporate entrepreneurs.

65. A company's overall strategy:

A. determines whether its strategic intent is proactive or reactive.

B. is subject to being changed much less frequently than either its objectives or its mission statement and thus serves as the base of its strategy-making pyramid.

C. should be based on a flexible strategic vision and strategic intent.

D. is customarily reviewed and approved level-by-level by the company board of directors.

E. is really a collection of strategic initiatives and actions devised by managers and key employees up and down the whole organizational hierarchy.

66. In a diversified company, the strategy-making hierarchy consists of:

A. corporate strategy and a group of business strategies (one for each line of business the corporation has diversified into).

B. corporate or managerial strategy, a set of business strategies, and divisional strategies within each business.

C. business strategies, functional strategies, and operating strategies.

D. corporate strategy, business strategies, functional strategies, and operating strategies.

E. its diversification strategy, its line of business strategies, and its operating strategies.

67. Corporate strategy for a diversified or multibusiness enterprise:

A. is orchestrated by senior corporate executives and focuses on how to create a competitive advantage in each specific line-of-business the total enterprise is in.

B. concerns how best to allocate resources across the departments of each line of business the company is in.

C. is orchestrated by senior corporate executives and centers around the kinds of initiatives the company uses to establish business positions in different industries and efforts to boost the combined performance of the set of businesses the company has diversified into and the means of capturing cross-business synergies and turning them into competitive advantages.

D. deals chiefly with what the strategic intent of each of its business units should be.

E. involves how functional strategies should be aligned with business strategies in each of the various lines of business the company is in.

68. Business strategy concerns:

A. how to gain and sustain a competitive advantage for a single line of business.

B. defining what set of businesses to be in and why.

C. selecting a business model to use in pursuing business objectives.

D. selecting a set of stretch financial and strategic objectives for a particular line of business.

E. choosing the most appropriate strategic intent for a specific line of business.

69. Business strategy, as distinct from corporate strategy, is chiefly concerned with:

A. deciding what new businesses to enter, which existing businesses to get out of, and which existing business to remain in.

B. deciding how to build competitive advantage and improve performance in a particular line of business.

C. making sure the strategic intent of a particular business is in step with the company's overall strategic intent and strategy.

D. coordinating the competitive approaches of a company's different business units.

E. what business model to employ in each of the company's different businesses.

70. Functional-area strategies:

A. concern the actions, approaches, and practices to be employed in managing particular functions within a business.

B. specify what actions a company should take to resolve specific strategic issues and problems.

C. are normally crafted by operating-level managers.

D. are concerned with how to unify the firm's several different operating strategies into a cohesive whole.

E. are normally crafted by the company's CEO and other senior executives.

71. The primary role of a functional strategy is to:

A. unify the company's various operating-level strategies.

B. specify how to build and strengthen the skills, expertise, and competencies needed to execute operating-level strategies successfully.

C. support and add power to the corporate-level strategy.

D. create compatible degrees of strategic intent among a company's different business functions.

E. determine how to support particular activities in ways that support the overall business strategy and competitive approach.

72. The primary operating strategies are concerned with:

A. what the firm's operating departments are doing and plan to do to unify the company's functional and business strategies.

B. the specific plans for building competitive advantage in each major department and operating unit.

C. how to manage initiatives of strategic significance within each functional area, and adding detail and completeness) in ways that support functional strategies and the overall business strategy.

D. how best to carry out the company's corporate strategy.

E. how best to implement and execute the company's different business-level strategies.

73. In a single-business company, the strategy-making hierarchy consists of:

A. business strategy, divisional strategies, and departmental strategies.

B. business strategy, functional strategies, and operating strategies.

C. business strategy and operating strategy.

D. managerial strategy, business strategy, and divisional strategies.

E. corporate strategy, divisional strategies, and departmental strategies.

74. A company's strategic plan:

A. details key objectives and the strategy for achieving them.

B. lays out its future direction and business purpose, performance targets and strategy.

C. identifies the company's strategy and management's specific, detailed plans for implementation.

D. consists of a company's strategic vision, strategic objectives, strategic intent, and strategy.

E. summarizes the company's strategic vision, a strategy, and a business model.

75. Which of the following is NOT among the principal managerial tasks associated with managing the strategy execution process?

A. Ensuring that policies and procedures facilitate rather than impede effective execution.

B. Creating a company culture and work climate conducive to successful strategy implementation and execution.

C. Surveying employee's opinions on how costs can be reduced and how employee morale and job satisfaction can be improved.

D. Exerting the internal leadership needed to drive implementation forward and keep improving on how the strategy is being executed.

E. Motivating people and tying rewards and incentives directly to the achievement of performance objectives and good strategy execution.

76. Which of the following principal aspects should be included in managing the strategy execution process?

A. Ensuring that policies and procedures impede effective execution.

B. Organizing the company along the lines of best practice.

C. Surveying employees on how they think costs can be reduced and how employee morale and job satisfaction can be improved.

D. Exerting the outside leadership needed to drive stabilization.

E. Tying rewards and incentives directly to profit and management level.

77. Good strategy execution requires management's:

A. diligent pursuit of operating excellence.

B. attentiveness to functional initiatives.

C. commitment to operating and marketing efficiency.

D. regular strategy reviews.

E. painstaking operating change management process.

78. Management is obligated to monitor new external developments, evaluate the company's progress, and make corrective adjustments in order to:

A. determine whether the company has a balanced scorecard for judging its performance.

B. stay on track in achieving the company's mission and strategic vision.

C. keep the company's board of directors well-informed about the company's future outlook.

D. determine whether the company's business model is well-matched to changing market and competitive circumstances.

E. decide whether to continue or change the company's strategic vision, objectives, strategy and/or strategy execution methods.

79. The leadership challenges that top executives face in making corrective adjustments when things are not going well include:

A. knowing when to replace poorly performing subordinates and when to do a better job of coaching them to do the right things.

B. being able to discern whether to promote better achievement of strategic performance targets or whether to promote better achievement of financial performance targets.

C. deciding when adjustments are needed and what adjustments to make.

D. having the analytical skills to separate the problems due to a bad strategy from the problems due to bad strategy execution.

E. deciding whether the company would be better off making adjustments that curtail the achievement of strategic objectives or that curtail the achievement of financial objectives.

80. The task of top executives when the company faces disruptive changes in its environment is to not only raise questions about the appropriateness of its direction and strategy but also to:

A. know when to continue with the present corporate culture and when to shift to a different and better corporate culture.

B. ferret out the causes and decide when adjustments are needed and what adjustments are needed for improved performance and operating excellence.

C. figure out whether to arrive at decisions quickly or slowly in choosing among the various alternative adjustments.

D. decide whether to try to fix the problems of poor strategy execution or simply shift to a strategy that is easier to execute correctly.

E. decide how to identify the problems that need fixing.

81. In the strategy-making, strategy-executing process, effective corporate governance requires a company's board of directors to:

A. play the lead role in forming the company's strategy and then directly supervising the efforts and actions of senior executives in implementing and executing the strategy.

B. provide guidance and counsel to the CEO in carrying out his/her duties as chief strategist and chief strategy implementer.

C. oversee the company's strategic direction, evaluate the caliber of senior executives' skills, handle executive compensation, and oversee financial reporting practices.

D. work closely with the CEO, senior executives, and the strategic planning staff to develop a strategic plan for the company and then oversee how well the CEO and senior executives carry out the board's directives in implementing and executing the strategic plan.

E. review and approve the company's business model and also review and approve the proposals and recommendations of the CEO as to how to execute the business model.

82. The key duties of a company's board of directors in the strategy-making, strategy-executing process include:

A. coming up with compelling strategy proposals of their own to debate against those put forward by top management.

B. overseeing the company's financial accounting and financial reporting practices and evaluating the caliber of senior executives' strategy-making/strategy-executing skills.

C. taking the lead in developing the company's business model and strategic vision.

D. taking the lead in formulating the company's strategic plan but then delegating the task of implementing and executing the strategic plan to the company's CEO and other senior executives.

E. approving the company's operating strategies, functional-area strategies, business strategy, and overall corporate strategy.

83. Which one of the following is NOT among the chief duties/responsibilities of a company's board of directors insofar as the strategy-making, strategy-executing process is concerned?

A. Hiring and firing senior-level executives and working with the company's chief strategic planning officer to improve the company's strategy when performance comes up short of expectations.

B. Being inquiring critics and exercising strong oversight over the company's direction, strategy, and business approaches.

C. Evaluating the caliber of senior executives' strategy-making/strategy-executing skills.

D. Instituting a compensation plan for top executives that rewards them for actions and results that serve stakeholders' interests, most especially those of shareholders.

E. Overseeing the company's financial accounting and financial reporting practices.

84. Every corporation should have a strong independent board of directors that:

A. is well informed about the company's performance and exercises their fiduciary duty to protect shareholders responsibly.

B. guides management in choosing a strategic direction and to make independent judgments about the validity and wisdom of managements proposed strategic actions.

C. evaluates the leadership skills of the CEO and other senior executives promote management actions the board believes are inappropriate or unduly risky.

D. has the courage to curb management actions deemed inappropriate or unduly risky, curtails insight and advice to management.

E. All of these.

Short Answer Questions

85. What are the five integrated tasks of the strategy-making, strategy-executing process, and what does each one involve?

86. Define and briefly explain what is meant by each of the following terms.

a) strategic vision

b) stretch objectives

c) strategic objective

d) balanced scorecard

e) strategic intent

87. A well-conceived strategic vision helps prepare a company for the future. True or false? Explain and justify your answer.

88. Explain why an organization needs a strategic vision. What purpose does a strategic vision serve?

89. What is the managerial value of a good strategic vision?

90. What is the difference between a mission statement and a strategic vision?

91. Which is more important—a company's mission statement or its strategic vision? Explain.

92. Identify the key characteristics of a well-stated organizational objective.

93. What is meant by the term "stretch objectives?" Is it important that companies establish stretch objectives? Why or why not?

94. Why does an organization need both financial and strategic objectives?

95. Explain the difference between financial objectives and strategic objectives. Give examples of each.

96. What are the qualities of a "well-stated" objective? Give an example of a well-stated financial objective and a well-stated strategic objective.

97. The achievement of financial objectives tends to be a lagging indicator of a company's performance, while the achievement of strategic objectives tends to be a leading indicator of a company's future financial performance. True or false? Support and explain your answer.

98. What is the meaning of the term "balanced scorecard"? What are the merits of using a balanced scorecard in judging a company's performance?

99. Which is more important to a company's ***future*** financial performance—the achievement of strategic objectives ***or*** the achievement financial objectives? Why?

100. Who is responsible for actually performing the five phases of the strategy-making, strategy-executing process? Explain?

101. What is the role and responsibility of a company's CEO in the strategy-making, strategy-executing process?

102. The task of crafting a company's strategy is typically a job for the company's whole management team, not just a small group of senior executives. True or false? Explain and support your answer.

103. Explain why a company's strategy is really a collection of strategies.

104. What is the strategy-making hierarchy for a diversified company? How does it differ from the strategy-making hierarchy for a single business company?

105. Discuss the meaning of each of the following levels of strategy and indicate what level of management tends to take the lead responsibility for crafting the strategy at each of the four levels.

a) corporate strategy

b) business strategy

c) functional area strategy

d) operating strategy

106. An organization's strategic plan consists of the actions which management plans to take in the near future. True or false? Explain and justify your answer.

107. Identify and explain three actions that top executives can take to help instill a spirit of high achievement into the corporate culture and mobilize organizational energy behind the drive for good strategy execution and operating excellence.

108. Identify and explain four actions that top executives can take that are key elements indirecting organizational action and building capabilities behind the drive for good strategy execution to meet or beat performance targets.

109. What are the duties of a company's board of directors in the strategy-making, strategy-executing process?

110. List and briefly discuss at least three obligations of a company's board of directors in corporate governance and the strategy-making, strategy-executing process.

Chapter 02 Charting a Company's Direction: Its Vision, Mission, Objectives, and Strategy Answer Key

Multiple Choice Questions

1. Which one of the following is NOT one of the five basic tasks of the strategy-making, strategy-executing process?

   A. Developing a strategic vision of where the company needs to head and what its future business makeup will be.

   B. Setting objectives to convert the strategic vision into specific strategic and financial performance outcomes for the company to achieve.

   C. Crafting a strategy to achieve the objectives and get the company where it wants to go.

   D. Developing a profitable business model.

   E. Executing the chosen strategy efficiently and effectively.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: What Does the Strategy-Making, Strategy-Execution Process Entail?

2. A company's strategic plan:

A. maps out the company's history.

B. links the company's financial targets to control mechanisms.

C. outlines the competitive moves and approaches to be used in achieving the desired business results.

D. challenges the company to maintain invariable objectives.

E. All of these.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: What Does the Strategy-Making, Strategy-Execution Process Entail?

3. Which of the following tasks of the strategy-making, strategy-execution managerial process make up the company's strategic plan?

A. Developing a strategic vision, mission, and core values.

B. Executing the strategy.

C. Monitoring developments, evaluating performance, and initiating corrective adjustments.

D. All of these.

E. None of these.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

4. Which of the following is an integral part of the managerial process of crafting and executing strategy?

A. Developing a proven business model.
B. Deciding how much of the company's resources to employ in the pursuit of sustainable competitive advantage.
C. Setting objectives and using them as yardsticks for measuring the company's performance and progress.
D. Communicating the company's values and code of conduct to all employees.
E. Deciding on the company's strategic intent.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

5. Which of the following are integral parts of the managerial process of crafting and executing strategy?

A. Developing a strategic vision, setting objectives, and crafting a strategy.

B. Developing a proven business model, deciding on the company's strategic intent, and crafting a strategy.

C. Setting objectives, crafting a strategy, implementing and executing the chosen strategy, and deciding how much of the company's resources to employ in the pursuit of sustainable competitive advantage.

D. Coming up with a statement of the company's mission and purpose, setting objectives, choosing what business approaches to employ, selecting a business model, and monitoring developments.

E. Deciding on the company's strategic intent, setting financial objectives, crafting a strategy, and choosing what business approaches and operating practices to employ.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

6. The strategy-making, strategy-executing process:

A. is usually delegated to members of a company's board of directors so as not to infringe on the time of busy executives.

B. includes establishing a company's mission, developing a business model aimed at making the company an industry leader, and crafting a strategy to implement and execute the business model.

C. embraces the tasks of developing a strategic vision, setting objectives, crafting a strategy, implementing and executing the strategy, and then monitoring developments and initiating corrective adjustments in light of experience, changing conditions, and new opportunities.

D. is principally concerned with sizing up an organization's internal and external situation, so as to be prepared for the challenges of developing a sound business model.

E. is primarily the responsibility of top executives and the board of directors; very few managers below this level are involved in the process.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

7. A company's strategic vision describes:

A. "who we are and what we do."

B. why the company does certain things in trying to please its customers.

C. management's storyline of how it intends to make a profit with the chosen strategy.

D. management's aspirations for the future and delineates the company's strategic course and long-term direction.

E. what future actions the enterprise will likely undertake to outmaneuver rivals and achieve a sustainable competitive advantage.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

8. The real purpose of the company's strategic vision:

A. is management's story line for how it plans to implement and execute a profitable business model.

B. sets forth what business the company is presently in and why it uses particular operating practices in trying to please customers.

C. serves as management's tool for giving the organization a sense of direction.

D. defines "who we are and what we do."

E. spells out a company's strategic intent, its strategic and financial objectives, and the business approaches and operating practices that will underpin its efforts to achieve sustainable competitive advantage.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

9. A strategic vision constitutes management's view and conclusions about the company's:

A. long-term direction and what product-market-customer mix seems optimal.

B. business model and the kind of value that it is trying to deliver to customers.

C. story line of why the business will be a moneymaker.

D. defined challenge to understand "who they are and what they do."

E. long-term plan for outcompeting rivals and achieving a competitive advantage.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

10. The managerial task of developing a strategic vision for a company:

A. concerns deciding what approach the company should take to implement and execute its business model.

B. entails coming up with a fairly specific answer to "who are we, what do we do, and why are we here?".

C. is chiefly concerned with addressing what a company needs to do to successfully outcompete rivals in the marketplace.

D. involves deciding upon what strategic course a company should pursue in preparing for the future and why this directional path makes good business sense.

E. entails coming up with a persuasive storyline of how the company intends to make money.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

11. Which one of the following is NOT an accurate attribute of an organization's strategic vision?

A. Providing a panoramic view of "where we are going".

B. Outlining how the company intends to implement and execute its business model.

C. Pointing an organization in a particular direction and charting a strategic path for it to follow.

D. Helping mold an organization's character and identity.

E. Describing the company's future product-market-customer-technology focus.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

12. Management's strategic vision for an organization:

A. charts a strategic course for the organization ("where we are going") and provides a rationale for why this directional path makes good sense.

B. describes in fairly specific terms the organization's strategic intent, strategic objectives, and strategy.

C. spells out how the company will become a big moneymaker and boost shareholder value.

D. addresses the critical issue of "why our business model needs to change and how we plan to change it."

E. spells out the organization's strategic intent and the actions and moves that will be undertaken to achieve it.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

13. Well-conceived visions are________and___________to a particular organization and they avoid generic, feel-good statements that could apply to hundreds of organizations.

A. widespread; unique

B. recurring; customary

C. distinctive; specific

D. customary; familiar

E. universal; established

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company *needs to head and why.*

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

14. What a company's top executives are saying about where the company is headed long term and about what the company's future product-market-customer-technology mix will be:

A. indicates what kind of business model the company is going to have in the future.

B. constitutes their strategic vision for the company.

C. signals what the firm's strategy will be.

D. serves to define the company's mission.

E. indicates what the company's long-term strategic plan is.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

15. One of the important benefits of a well-conceived and well-stated strategic vision is to:

A. clearly delineate how the company's business model will be implemented and executed.

B. clearly communicate management's aspirations for the company to stakeholders and help steer the energies of company personnel in a common direction.

C. set forth the firm's strategic objectives in clear and fairly precise terms.

D. help create a "balanced scorecard" approach to objective-setting and not stretch the company's resources too thin across different products, technologies, and geographic markets.

E. indicate what kind of sustainable competitive advantage the company will try to create in the course of becoming the industry leader.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

16. The defining characteristic of a well-conceived strategic vision is:

A. what it says about the company's future strategic course—"the direction we are headed and what our future product-market-customer-technology focus will be."

B. that it not stretch the company's resources too thin across different products, technologies, and geographic markets.

C. clarity and specificity about "who we are, what we do, and why we are here."

D. that it be flexible and in the mainstream.

E. that it be within the realm of what the company can reasonably expect to achieve within four years.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

17. Which one of the following questions is NOT pertinent to company managers in thinking strategically about what directional path should be taken by the company and about developing a strategic vision?

A. Is the outlook for the company promising if it continues with its present product offerings?

B. Are changing market and competitive conditions acting to enhance or weaken the company's prospects?

C. What business approaches and operating practices should we consider in trying to implement and execute our business model?

D. What strategic course offers attractive opportunity for growth and profitability?

E. What, if any, new customer groups and/or geographic markets should the company get in position to serve?

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

18. Which one of the following questions is NOT something that company managers should consider in choosing to pursue one strategic course or directional path versus another?

A. Are changing market and competitive conditions acting to enhance or weaken the company's business outlook?

B. Is the company stretching its resources too thinly by trying to compete in too many markets or segments, some of which are unprofitable?

C. Will our present business generate sufficient growth and profitability in the years ahead to please shareholders?

D. What market opportunities should the company pursue and which ones should not be pursued?

E. Do we have a better business model than key rivals?

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

19. Which of the following are characteristics of an effectively worded strategic vision statement?

A. Balanced, responsible, and rational.

B. Challenging, competitive, and "set in concrete".

C. Graphic, directional, and focused.

D. Realistic, customer-focused, and market-driven.

E. Achievable, profitable, and ethical.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company *needs to head and why.*

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

20. Which one of the following is NOT a characteristic of an effectively worded strategic vision statement?

A. Directional (is forward-looking, describes the strategic course that management has charted that will help the company prepare for the future).

B. Easy to communicate (is explainable in 5-10 minutes, and can be reduced to a memorable slogan).

C. Graphic (paints a picture of the kind of company management is trying to create and the market position(s) the company is striving to stake out).

D. Consensus-driven (commits the company to a "mainstream" directional path that almost all stakeholders will enthusiastically support).

E. Focused (provides guidance to managers in making decisions and allocating resources).

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

21. Which of the following is NOT a common shortcoming when wording a company's vision statement? When the statement is somewhat:

A. vague or incomplete—short on specifics.

B. flexible—allowing for adjustments to reflect changing circumstances.

C. bland or uninspiring—short on inspiration.

D. generic—could apply to most any company (or at least several others in the same industry).

E. reliant on superlatives (best, most successful, recognized leader, global or worldwide leader, first choice of customers).

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

22. Which of the following ARE common shortcomings of company vision statements?

A. Too specific, too inflexible, and can't be achieved in five years.

B. Unrealistic, unconventional, and un-businesslike.

C. Too broad, vague or incomplete, bland/uninspiring, not distinctive, and too reliant on superlatives.

D. Too broad, too narrow, and too risky.

E. Not customer-driven, out of step with emerging technological trends, and too ambitious.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

23. Breaking down resistance to a new strategic vision typically requires that management, on an as needed basis:

A. institute a balanced scorecard approach to measuring company performance, with the "balance" including a mixture of both old and new performance measures.

B. inform company personnel about forthcoming changes in the company's strategy.

C. reiterate the company's need for the new direction, while addressing employee concerns head-on, calming fears, lifting spirits, and providing them with updates and progress reports as events unfold.

D. explain all updates and merits of the company's business model to align strategy with employee concerns.

E. raise wages and salaries to win the support of company personnel for the company's new direction.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

24. An engaging and convincing strategic vision:

A. ought to be done in writing rather than orally so as to leave no room for company personnel to misinterpret what the strategic vision really is.

B. should be done in language that inspires and motivates company personnel to unite behind executive efforts to get the company moving in the intended direction.

C. tends to be more effective when top management avoids trying to capture the essence of the strategic vision in a catchy slogan.

D. is most efficiently and effectively done by posting the strategic vision prominently on the company's website and encouraging employees to read it.

E. should be explained after the company's strategic intent, strategy, and business model has been conveyed to company personnel.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

25. A strategic vision has enormous motivational value and can usually be stated adequately in one to two paragraphs, and managers should be able to personally:

A. explain the vision and its rationale to company personnel and outsiders easily in several hours.

B. present their vision and its rationale in a bland and uninspiring manner to ensure stakeholders of its seriousness.

C. paint a convincing and inspiring picture of the company's journey and destination effectively.

D. communicate and distribute the vision to interested parties and to top executives only.

E. None of these.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

26. The managerial task of effectively conveying the essence of the strategic vision is made easier by:

A. having operating strategies that are easy for company personnel to understand and execute.

B. combining the strategic vision and the company's values statement into a single document.

C. adopting a catchy slogan and then using it repeatedly to illuminate the direction and purpose of "where we are headed and why."

D. waiting until the company realizes its mission and ensures the existing corporate culture is compatible with the new vision and direction.

E. All of these.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

27. Effectively communicating the strategic vision down the line to lower-level managers and employees has the value of:

A. inspiring company personnel to unite behind managerial efforts to get the company moving in the intended direction.

B. helping company personnel understand why "making a profit" is so important.

C. making it easier for top executives to set stretch objectives.

D. helping lower-level managers and employees better understand the company's business model.

E. All of these.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

28. Perhaps the most important benefit of a vivid, engaging, and convincing strategic vision is:

A. helping gain managerial consensus on what resources must be developed to successfully achieve strategic objectives.

B. uniting company personnel behind managerial efforts to get the company moving in the intended direction.

C. helping justify the company's mission of making a profit.

D. helping company personnel understand the logic of the company's business model.

E. keeping company personnel well-informed.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

29. A sound, well-communicated strategic vision matters, and the related payoffs occur in several respects, except in connection with:

A. reducing the risks of rudderless decision-making.

B. helping the organization prepare for the future.

C. avoiding strategic inflection points and management's reaction in aligning decision choices.

D. helping to crystallize top management's own view about the firm's long-term direction.

E. providing a tool for winning the support of organizational members for internal changes that will help make the vision a reality.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

30. Which of the following is the result of a well-conceived and communicated strategic vision?

A. Senior executives solidify their own view of the firm's long-term direction.

B. The risk of rudderless decision-making is minimized.

C. Organizational members support the changes internally that will help make the vision a reality.

D. Assists the organization in preparing for the future.

E. All of these.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

31. A company's mission statement typically addresses which of the following questions?

A. Who are we and what do we do?

B. What objectives and level of performance do we want to achieve?

C. Where are we going and what should our strategy be?

D. What approach should we take to achieve sustainable competitive advantage?

E. What business model should we employ to achieve our objectives and our vision?

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

32. The difference between the concept of a company mission statement and the concept of a strategic vision is that:

A. a mission concerns what to do to achieve short-term objectives, while a strategic vision concerns what to do to achieve long-term performance targets.

B. the mission is to make a profit, whereas a strategic vision concerns what business model to employ in striving to make a profit.

C. a mission statement deals with what to accomplish on behalf of shareholders, while a strategic vision concerns what to accomplish on behalf of customers.

D. a mission statement typically concerns a company's purpose and its present business scope ("who we are and what we do and why we are here"), whereas the principal concern of a strategic vision portrays a company's aspirations for its future ("where are we going").

E. a mission statement deals with "where we are headed," whereas a strategic vision provides the critical answer to "how will we get there?"

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

33. The primary difference between a company's mission statement and the company's strategic vision is that:

A. the mission explains why it is essential to make a profit, whereas the strategic vision explains how the company will be a moneymaker.

B. a mission statement typically concerns a company's present business scope and purpose, whereas a strategic vision sets forth "where we are going and why."

C. a mission deals with how to please customers, whereas a strategic vision deals with how to please shareholders.

D. a mission statement deals with "where we are headed," whereas a strategic vision provides the critical answer to "how will we get there?"

E. a mission statement addresses "how we are trying to make a profit today," while a strategic vision concerns "how will we make money in the markets of tomorrow?"

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

34. A company's mission statement should be sufficiently descriptive and should:

A. identify the company's services and products.

B. specify the buyer's needs that the company seeks to satisfy.

C. identify the customer or market that the company intends to serve.

D. give the company its own identity.

E. All of these.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

35. A company should not couch its mission in terms of making a profit because a profit is more correctly:

A. an obligation and a reason for what a company does.

B. an objective and a result of what a company does.

C. an outlay and a rationale for what a company does.

D. an obligation and a responsibility for what a company does.

E. an outflow and a right of what a company does.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

36. A company's values or core values concern:

A. whether and to what extent it intends to operate in an ethical and socially responsible manner.

B. how aggressively it will seek to maximize profits and enforce high ethical standards.

C. the beliefs and operating principles built into the company's "balanced scorecard" for measuring performance.

D. the beliefs, traits, and behavioral norms that company personnel are expected to display in conducting the company's business and pursuing its strategic vision and mission.

E. the beliefs, principles, and ethical standards that are incorporated into the company's strategic intent and business model.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

37. A company's values relate to such things as:

A. how it will balance its pursuit of financial objectives against the pursuit of its strategic objectives.

B. how it will balance the pursuit of its business purpose/mission against the pursuit of its strategic vision.

C. fair treatment, integrity, ethical behavior, innovativeness, teamwork, top-notch quality, superior customer service, social responsibility, and community citizenship.

D. whether it will emphasize stock price appreciation or higher dividend payments to shareholders, and whether it will put more emphasis on the achievement of short-term performance targets or long-range performance targets.

E. All of these.

AACSB: Reflective Thinking

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

38. Company managers connect values to the chosen strategic vision and mission by:

A. integrating the company's values into its vision and mission/business purpose into one single statement.

B. using a values-based balanced scorecard to measure the company's progress in achieving the vision.

C. making achievement of the values a prominent part of the company's strategic objectives.

D. making it clear that company personnel are expected to live up to the values in conducting the company's business and pursuing its strategic vision.

E. making adherence to the company's values the centerpiece of the company's strategy.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

39. The managerial purpose of setting objectives includes:

A. converting the strategic vision into specific performance targets—results and outcomes the organization wants to achieve.

B. using the objectives as yardsticks for tracking the company's progress and performance.

C. challenging and helping stretch the organization to perform at its full potential and deliver the best possible results.

D. pushing company personnel to be more inventive and to exhibit more urgency in improving the company's financial performance and business position.

E. All of these.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

40. Well-stated objectives are:

A. quantifiable or measurable, and contain deadlines for achievement.

B. clear, succinct, and concise so as to identify the company's risk and return options.

C. historical probability of success determinants in meeting customer-product goals.

D. directly related to the dividend payout ratio for stockholder returns.

E. All of these.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

41. What does a company specifically exhibit when it relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective?

A. Competitive edge.

B. Sustainable advantage.

C. Strategic intent.

D. Financial strength.

E. All of these.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

42. A company exhibits strategic intent when:

A. management crafts and adopts a strategic plan.

B. it relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective.

C. it aggressively pursues financial objectives, establishing a priority on meeting the performance metrics and instilling a sense of urgency throughout the company.

D. management establishes a comprehensive set of financial objectives that meet stockholder expectations.

E. it capitalizes on its primary competitive advantage and ensures resources are allocated to maintain its strategy.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

43. Managers can deliberately set challenging performance targets at levels high enough to promote outstanding company performance by establishing:

A. stretch objectives which challenge the organization to deliver stretch gains in performance.

B. mainstay objectives that although are easily attainable, and the company is obligated to meet, they are designed to spur motivation in the workforce.

C. financial objectives that drive standardization of cost-efficiency and unify stringent operating specifications.

D. a specifically detailed and integrated model of operating policies, practices, and procedures.

E. All of these.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

44. A company needs financial objectives to:

A. spur company personnel to help the company overtake key competitors on such important measures as net profit margins and return on investment.

B. communicate management's targets for financial performance and achieve strategic objectives.

C. indicate to employees whether the emphasis should be on earnings per share, or return on investment, or return on assets, or positive cash flow.

D. convince shareholders that top management is acting in their interests.

E. counterbalance its pursuit of strategic objectives and have a balanced scorecard for judging the caliber of its overall performance.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

45. Which of the following is the best example of a well-stated financial objective?

A. Increase earnings per share by 15 percent annually.

B. Gradually boost market share from 10 percent to 15 percent over the next several years.

C. Achieve lower costs than any other industry competitor.

D. Boost revenues by a percentage margin greater than the industry average.

E. Maximize total company profits and return on investment.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

46. Which of the following is the best example of a well-stated strategic objective?

A. Increase revenues by more than the industry average.

B. Be among the top five companies in the industry in customer service.

C. Overtake key competitors on product performance or quality within three years.

D. Improve manufacturing performance by 5 percent within 12 months.

E. Obtain 150 new customers during the current fiscal year.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

47. Strategic objectives:

A. are more essential in achieving a company's strategic vision than are financial objectives.

B. relate to strengthening a company's overall marketing standing and competitive position.

C. are more difficult to achieve and harder to measure than financial objectives.

D. are generally less important than financial objectives.

E. help managers track an organization's true progress better than financial objectives.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

48. Adopting a set of "stretch" financial and "stretch" strategic objectives:

A. pushes the company to strive for lesser but adequate profitability levels, because the stretch objectives are considered unattainable.

B. is a widely held method for creating a "scorecard" for moderating company performance.

C. helps convert the mission statement into meaningful company values.

D. challenges company personnel to execute the strategy with greater enthusiasm, proficiency, and understanding.

E. is an effective tool for pushing the company to perform at its full potential and deliver the best possible results.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

49. Which one of the following is NOT an advantage of setting "stretch" objectives?

A. Helping to avoid mediocre results.

B. Pushing company personnel to be more inventive and innovative.

C. Helping clarify the company's strategic vision and strategic intent.

D. Helping a company be more focused and intentional in its actions.

E. Spurring exceptional performance and helping build a firewall against contentment with modest performance gains.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

50. Strategic intent refers to a situation where a company:

A. commits to using a particular business model to make money.

B. decides to adopt a particular strategy.

C. relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective.

D. commits to pursuing stretch strategic objectives.

E. changes its long-term direction and decides to pursue a newly adopted strategic vision.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 2: Setting Objectives

51. A "balanced scorecard" for measuring company performance:

A. entails putting ***equal*** emphasis on financial and strategic objectives.

B. entails putting ***balanced*** emphasis on profit and non-profit objectives.

C. prevents the drive for achieving financial objectives from overwhelming the pursuit of strategic objectives.

D. prevents the drive for achieving strategic objectives from overwhelming the pursuit of financial objectives.

E. strikes a "balance" between financial and strategic objectives.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

52. A "balanced scorecard" that includes both strategic and financial performance targets is a conceptually strong approach for judging a company's overall performance because:

A. it assists managers in putting roughly equal emphasis on short-term and long-term performance targets.

B. it entails putting ***equal*** emphasis on good strategy execution and good business model execution.

C. a balanced scorecard approach pushes managers to avoid setting objectives that reflect the results of past decisions and organizational activities.

D. financial performance measures are lagging indicators that reflect the results of past decisions and organizational activities, whereas strategic performance measures are leading indicators of a company's future financial performance and business prospects.

E. it forces managers to put ***equal*** emphasis on financial and strategic objectives.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

53. Perhaps the most reliable way for a company to improve its financial performance over time is to:

A. put 100 percent emphasis on the achievement of its short-term and long-term financial objectives.

B. recognize that the achievement of strategic objectives signals that the company is well positioned to sustain or improve its performance.

C. substitute financial intent for strategic intent and judiciously concentrate on the mission of making a profit.

D. not allocate any resources to the achievement of strategic objectives until it is very clear that the company can meet or beat its stretch financial performance targets.

E. avoid use of the "balanced scorecard" philosophy since achievement of financial performance targets is obviously more important than the achievement of strategic performance targets.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

54. A company that pursues and achieves strategic objectives:

A. is likely to weaken the achievement of its short-term and long-term financial objectives.

B. believes that the company's financial performance is not as important as it really is.

C. is generally not strongly focused on its true mission of making a profit.

D. is frequently in a better position to improve its future financial performance because of the increased competitiveness that flows from the achievement of strategic objectives.

E. is likely to be a weak financial performer because diverting resources to the pursuit of strategic objectives takes away from the achievement of financial performance targets.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

55. A company needs performance targets or objectives:

A. to help guide managers in deciding what strategic path to take in the event that a strategic inflection point is encountered.

B. because they give the company clear-cut strategic intent.

C. in order to unify the company's strategic vision and business model.

D. for its operations as a whole and also for each of its separate businesses, product lines, functional departments, and individual work units.

E. in order to prevent lower-level organizational units from establishing their own objectives.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

56. Company objectives:

A. are needed only in those areas directly related to a company's short-term and long-term profitability.

B. need to be broken down into performance targets for each of its organizational levels—for separate businesses, product lines, functional departments, and individual work units.

C. play the important role of establishing the direction in which it needs to be headed.

D. are important because they help guide managers in deciding what the company's strategic intent should be.

E. should be set in a manner that does not conflict with the performance targets of lower-level organizational units.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

57. When trade-offs have to be made between achieving long-term and achieving short-term objectives:

A. long-term objectives should take precedence unless the short-term performance targets have unique importance.

B. long-term objectives should take precedence because of the need for future survival.

C. short-term objectives should take precedence because they focus attention on delivering performance improvement.

D. short-term objectives should take precedence unless the long-term performance targets are not achievable.

E. All of these.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

58. The task of stitching together a strategy:

A. entails addressing a series of *how's*: how to grow the business, how to please customers, how to outcompete rivals, how to respond to changing market conditions, and how to achieve strategic and financial objectives.

B. is primarily an exercise in deciding which of several freshly emerging market opportunities to pursue.

C. is mainly an exercise that should be dictated by what is comfortable to management from a risk perspective and what is acceptable in terms of capital requirements.

D. requires trying to copy the strategies of industry leaders as closely as possible.

E. is mainly an exercise in good planning.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

59. Masterful strategies come from:

A. successful managerial efforts to develop a sound strategic vision.

B. doing a very thorough job of strategic planning.

C. involving as many company personnel as possible in the strategy-making process.

D. crafting a strategy that mimics the best parts of the strategies of the industry leaders.

E. doing things differently from competitors where it counts—out-innovating them, being more efficient, adapting faster—rather than running with the herd.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

60. The faster a company's business environment is changing only makes it imperative for strategy makers to:

A. pay attention to early warnings of future change and be willing to experiment to establish a market position in the future.

B. stay abreast of the changes by developing a comprehensive knowledge management system to monitor the environment.

C. establish controls to ensure the impact of any changes is monitored appropriately and ensure the internal environment is maintained.

D. align their decision-making with organizational unit objectives.

E. to develop financial objectives that reflect the implications of change and that meet the internal environment's functional focus.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

61. Strategy-making is:

A. primarily the responsibility of key executives rather than a task for a company's entire management team.

B. more of a collaborative group effort that involves all managers and sometimes key employees, as opposed to being the function and responsibility of a few high-level executives.

C. first and foremost the function and responsibility of a company's strategic planning staff.

D. first and foremost the function and responsibility of a company's board of directors.

E. first and foremost the function of a company's chief executive officer—who formulates strategic initiatives and submits them to the board of directors for approval.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

62. Which of the following is NOT an accurate description of the task of crafting a company's strategy?

A. In most companies, crafting strategy is a team effort, involving managers and often key employees at many organization levels.

B. Ultimate responsibility for leading the strategy-making task rests with the chief executive officer.

C. The task of crafting strategy is best done by a company's chief strategic planning officer, who should report directly to the company's CEO and board of directors.

D. It is the responsibility and duty of a company's board of directors to ensure that new strategy proposals can be defended as superior to alternatives and, ultimately, to approve or disapprove of the strategy formulated and proposed by the company's management.

E. In most of today's companies, every company manager has a strategy-making role, ranging from major to minor, for his/her area of responsibility.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

63. Managerial jobs with strategy-making responsibility:

A. extend throughout the managerial ranks and exist in every part of a company—business units, operating divisions, functional departments, manufacturing plants, and sales districts.

B. are primarily located in the strategic planning departments of large corporations.

C. are relatively rare because most strategy-making is done by the members of a company's board of directors.

D. seldom exist within a functional department (e.g., marketing and sales) or in an operating unit (a plant or a district office) because these levels of the organization structure are well below the level where strategic decisions are typically made.

E. are found only at the vice-president level and above in most companies.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

64. Which of the following most accurately describes the task of crafting a company's strategy?

A. In most companies, strategy-making is the exclusive province of top management—owner-entrepreneurs, CEOs, and other very senior executives.

B. The more a company's operations cut across different products, industries, and geographical areas, the more that headquarters executives have little option but to delegate considerable strategy-making authority to down-the-line managers in charge of particular subsidiaries, product lines, geographic sales offices, and plants.

C. A company's board of directors generally takes the lead role in crafting a company's strategy.

D. In most of today's companies, the lead strategy-making role is being assumed by an elite group of corporate entrepreneurs.

E. Masterful strategies are nearly always the product of brilliant corporate entrepreneurs.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

65. A company's overall strategy:

A. determines whether its strategic intent is proactive or reactive.

B. is subject to being changed much less frequently than either its objectives or its mission statement and thus serves as the base of its strategy-making pyramid.

C. should be based on a flexible strategic vision and strategic intent.

D. is customarily reviewed and approved level-by-level by the company board of directors.

E. is really a collection of strategic initiatives and actions devised by managers and key employees up and down the whole organizational hierarchy.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

66. In a diversified company, the strategy-making hierarchy consists of:

A. corporate strategy and a group of business strategies (one for each line of business the corporation has diversified into).

B. corporate or managerial strategy, a set of business strategies, and divisional strategies within each business.

C. business strategies, functional strategies, and operating strategies.

D. corporate strategy, business strategies, functional strategies, and operating strategies.

E. its diversification strategy, its line of business strategies, and its operating strategies.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

67. Corporate strategy for a diversified or multibusiness enterprise:

A. is orchestrated by senior corporate executives and focuses on how to create a competitive advantage in each specific line-of-business the total enterprise is in.

B. concerns how best to allocate resources across the departments of each line of business the company is in.

C. is orchestrated by senior corporate executives and centers around the kinds of initiatives the company uses to establish business positions in different industries and efforts to boost the combined performance of the set of businesses the company has diversified into and the means of capturing cross-business synergies and turning them into competitive advantages.

D. deals chiefly with what the strategic intent of each of its business units should be.

E. involves how functional strategies should be aligned with business strategies in each of the various lines of business the company is in.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

68. Business strategy concerns:

A. how to gain and sustain a competitive advantage for a single line of business.

B. defining what set of businesses to be in and why.

C. selecting a business model to use in pursuing business objectives.

D. selecting a set of stretch financial and strategic objectives for a particular line of business.

E. choosing the most appropriate strategic intent for a specific line of business.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

69. Business strategy, as distinct from corporate strategy, is chiefly concerned with:

A. deciding what new businesses to enter, which existing businesses to get out of, and which existing business to remain in.

B. deciding how to build competitive advantage and improve performance in a particular line of business.

C. making sure the strategic intent of a particular business is in step with the company's overall strategic intent and strategy.

D. coordinating the competitive approaches of a company's different business units.

E. what business model to employ in each of the company's different businesses.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

70. Functional-area strategies:

A. concern the actions, approaches, and practices to be employed in managing particular functions within a business.

B. specify what actions a company should take to resolve specific strategic issues and problems.

C. are normally crafted by operating-level managers.

D. are concerned with how to unify the firm's several different operating strategies into a cohesive whole.

E. are normally crafted by the company's CEO and other senior executives.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

71. The primary role of a functional strategy is to:

A. unify the company's various operating-level strategies.

B. specify how to build and strengthen the skills, expertise, and competencies needed to execute operating-level strategies successfully.

C. support and add power to the corporate-level strategy.

D. create compatible degrees of strategic intent among a company's different business functions.

E. determine how to support particular activities in ways that support the overall business strategy and competitive approach.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

72. The primary operating strategies are concerned with:

A. what the firm's operating departments are doing and plan to do to unify the company's functional and business strategies.

B. the specific plans for building competitive advantage in each major department and operating unit.

C. how to manage initiatives of strategic significance within each functional area, and adding detail and completeness) in ways that support functional strategies and the overall business strategy.

D. how best to carry out the company's corporate strategy.

E. how best to implement and execute the company's different business-level strategies.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

73. In a single-business company, the strategy-making hierarchy consists of:

A. business strategy, divisional strategies, and departmental strategies.

B. business strategy, functional strategies, and operating strategies.

C. business strategy and operating strategy.

D. managerial strategy, business strategy, and divisional strategies.

E. corporate strategy, divisional strategies, and departmental strategies.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

74. A company's strategic plan:

A. details key objectives and the strategy for achieving them.

B. lays out its future direction and business purpose, performance targets and strategy.

C. identifies the company's strategy and management's specific, detailed plans for implementation.

D. consists of a company's strategic vision, strategic objectives, strategic intent, and strategy.

E. summarizes the company's strategic vision, a strategy, and a business model.

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

75. Which of the following is NOT among the principal managerial tasks associated with managing the strategy execution process?

A. Ensuring that policies and procedures facilitate rather than impede effective execution.

B. Creating a company culture and work climate conducive to successful strategy implementation and execution.

C. Surveying employee's opinions on how costs can be reduced and how employee morale and job satisfaction can be improved.

D. Exerting the internal leadership needed to drive implementation forward and keep improving on how the strategy is being executed.

E. Motivating people and tying rewards and incentives directly to the achievement of performance objectives and good strategy execution.

AACSB: Reflective Thinking

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 4: Executing a Strategy

76. Which of the following principal aspects should be included in managing the strategy execution process?

A. Ensuring that policies and procedures impede effective execution.

B. Organizing the company along the lines of best practice.

C. Surveying employees on how they think costs can be reduced and how employee morale and job satisfaction can be improved.

D. Exerting the outside leadership needed to drive stabilization.

E. Tying rewards and incentives directly to profit and management level.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 4: Executing a Strategy

77. Good strategy execution requires management's:

A. diligent pursuit of operating excellence.

B. attentiveness to functional initiatives.

C. commitment to operating and marketing efficiency.

D. regular strategy reviews.

E. painstaking operating change management process.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 4: Executing a Strategy

78. Management is obligated to monitor new external developments, evaluate the company's progress, and make corrective adjustments in order to:

A. determine whether the company has a balanced scorecard for judging its performance.

B. stay on track in achieving the company's mission and strategic vision.

C. keep the company's board of directors well-informed about the company's future outlook.

D. determine whether the company's business model is well-matched to changing market and competitive circumstances.

E. decide whether to continue or change the company's strategic vision, objectives, strategy and/or strategy execution methods.

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 5: Evaluating Performance and Initiating Corrective Adjustments

79. The leadership challenges that top executives face in making corrective adjustments when things are not going well include:

A. knowing when to replace poorly performing subordinates and when to do a better job of coaching them to do the right things.

B. being able to discern whether to promote better achievement of strategic performance targets or whether to promote better achievement of financial performance targets.

C. deciding when adjustments are needed and what adjustments to make.

D. having the analytical skills to separate the problems due to a bad strategy from the problems due to bad strategy execution.

E. deciding whether the company would be better off making adjustments that curtail the achievement of strategic objectives or that curtail the achievement of financial objectives.

AACSB: Analytic

Blooms: Understand

Difficulty: 3 Hard

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 5: Evaluating Performance and Initiating Corrective Adjustments

80. The task of top executives when the company faces disruptive changes in its environment is to not only raise questions about the appropriateness of its direction and strategy but also to:

A. know when to continue with the present corporate culture and when to shift to a different and better corporate culture.

B. ferret out the causes and decide when adjustments are needed and what adjustments are needed for improved performance and operating excellence.

C. figure out whether to arrive at decisions quickly or slowly in choosing among the various alternative adjustments.

D. decide whether to try to fix the problems of poor strategy execution or simply shift to a strategy that is easier to execute correctly.

E. decide how to identify the problems that need fixing.

AACSB: Analytic

Blooms: Understand

Difficulty: 3 Hard

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 5: Evaluating Performance and Initiating Corrective Adjustments

81. In the strategy-making, strategy-executing process, effective corporate governance requires a company's board of directors to:

A. play the lead role in forming the company's strategy and then directly supervising the efforts and actions of senior executives in implementing and executing the strategy.

B. provide guidance and counsel to the CEO in carrying out his/her duties as chief strategist and chief strategy implementer.

C. oversee the company's strategic direction, evaluate the caliber of senior executives' skills, handle executive compensation, and oversee financial reporting practices.

D. work closely with the CEO, senior executives, and the strategic planning staff to develop a strategic plan for the company and then oversee how well the CEO and senior executives carry out the board's directives in implementing and executing the strategic plan.

E. review and approve the company's business model and also review and approve the proposals and recommendations of the CEO as to how to execute the business model.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-05 Become aware of the role and responsibility of a company's board of directors in overseeing the strategic management process.

Topic: Corporate Governance: The Role of the Board of Directors in the Strategy-Crafting and Strategy-Execution Process

82. The key duties of a company's board of directors in the strategy-making, strategy-executing process include:

A. coming up with compelling strategy proposals of their own to debate against those put forward by top management.

B. overseeing the company's financial accounting and financial reporting practices and evaluating the caliber of senior executives' strategy-making/strategy-executing skills.

C. taking the lead in developing the company's business model and strategic vision.

D. taking the lead in formulating the company's strategic plan but then delegating the task of implementing and executing the strategic plan to the company's CEO and other senior executives.

E. approving the company's operating strategies, functional-area strategies, business strategy, and overall corporate strategy.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-05 Become aware of the role and responsibility of a company's board of directors in overseeing the strategic management process.

Topic: Corporate Governance: The Role of the Board of Directors in the Strategy-Crafting and Strategy-Execution Process

83. Which one of the following is NOT among the chief duties/responsibilities of a company's board of directors insofar as the strategy-making, strategy-executing process is concerned?

A. Hiring and firing senior-level executives and working with the company's chief strategic planning officer to improve the company's strategy when performance comes up short of expectations.

B. Being inquiring critics and exercising strong oversight over the company's direction, strategy, and business approaches.

C. Evaluating the caliber of senior executives' strategy-making/strategy-executing skills.

D. Instituting a compensation plan for top executives that rewards them for actions and results that serve stakeholders' interests, most especially those of shareholders.

E. Overseeing the company's financial accounting and financial reporting practices.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-05 Become aware of the role and responsibility of a company's board of directors in overseeing the strategic management process.

Topic: Corporate Governance: The Role of the Board of Directors in the Strategy-Crafting and Strategy-Execution Process

84. Every corporation should have a strong independent board of directors that:

A. is well informed about the company's performance and exercises their fiduciary duty to protect shareholders responsibly.

B. guides management in choosing a strategic direction and to make independent judgments about the validity and wisdom of managements proposed strategic actions.

C. evaluates the leadership skills of the CEO and other senior executives promote management actions the board believes are inappropriate or unduly risky.

D. has the courage to curb management actions deemed inappropriate or unduly risky, curtails insight and advice to management.

E. All of these.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-05 Become aware of the role and responsibility of a company's board of directors in overseeing the strategic management process.

Topic: Corporate Governance: The Role of the Board of Directors in the Strategy-Crafting and Strategy-Execution Process

Short Answer Questions

85. What are the five integrated tasks of the strategy-making, strategy-executing process, and what does each one involve?

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: What Does the Strategy-Making, Strategy-Execution Process Entail?

86. Define and briefly explain what is meant by each of the following terms.

a) strategic vision

b) stretch objectives

c) strategic objective

d) balanced scorecard

e) strategic intent

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

Topic: Task 2: Setting Objectives

87. A well-conceived strategic vision helps prepare a company for the future. True or false? Explain and justify your answer.

AACSB: Reflective Thinking

Blooms: Understand

Difficulty: 3 Hard

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

88. Explain why an organization needs a strategic vision. What purpose does a strategic vision serve?

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

89. What is the managerial value of a good strategic vision?

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

90. What is the difference between a mission statement and a strategic vision?

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

91. Which is more important—a company's mission statement or its strategic vision? Explain.

AACSB: Reflective Thinking

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-01 Grasp why it is critical for company managers to have a clear strategic vision of where a company needs to head and why.

Topic: Task 1: Developing a Strategic Vision, a Mission Statement, and a Set of Core Values

92. Identify the key characteristics of a well-stated organizational objective.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

93. What is meant by the term "stretch objectives?" Is it important that companies establish stretch objectives? Why or why not?

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

94. Why does an organization need both financial and strategic objectives?

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

95. Explain the difference between financial objectives and strategic objectives. Give examples of each.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

96. What are the qualities of a "well-stated" objective? Give an example of a well-stated financial objective and a well-stated strategic objective.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

97. The achievement of financial objectives tends to be a lagging indicator of a company's performance, while the achievement of strategic objectives tends to be a leading indicator of a company's future financial performance. True or false? Support and explain your answer.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

98. What is the meaning of the term "balanced scorecard"? What are the merits of using a balanced scorecard in judging a company's performance?

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

99. Which is more important to a company's ***future*** financial performance—the achievement of strategic objectives ***or*** the achievement financial objectives? Why?

AACSB: Analytic

Blooms: Understand

Difficulty: 3 Hard

Learning Objective: 02-02 Understand the importance of setting both strategic and financial objectives.

Topic: Task 2: Setting Objectives

100. Who is responsible for actually performing the five phases of the strategy-making, strategy-executing process? Explain?

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

101. What is the role and responsibility of a company's CEO in the strategy-making, strategy-executing process?

AACSB: Analytic

Blooms: Understand

Difficulty: 1 Easy

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

102. The task of crafting a company's strategy is typically a job for the company's whole management team, not just a small group of senior executives. True or false? Explain and support your answer.

AACSB: Analytic

Blooms: Understand

Difficulty: 3 Hard

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

103. Explain why a company's strategy is really a collection of strategies.

AACSB: Analytic

Blooms: Understand

Difficulty: 3 Hard

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

104. What is the strategy-making hierarchy for a diversified company? How does it differ from the strategy-making hierarchy for a single business company?

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Crafting a Strategy

105. Discuss the meaning of each of the following levels of strategy and indicate what level of management tends to take the lead responsibility for crafting the strategy at each of the four levels.

a) corporate strategy

b) business strategy

c) functional area strategy

d) operating strategy

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

106. An organization's strategic plan consists of the actions which management plans to take in the near future. True or false? Explain and justify your answer.

AACSB: Analytic

Blooms: Understand

Difficulty: 2 Medium

Learning Objective: 02-03 Understand why the strategic initiatives taken at various organizational levels must be tightly coordinated to achieve companywide performance targets.

Topic: Task 3: Crafting a Strategy

107. Identify and explain three actions that top executives can take to help instill a spirit of high achievement into the corporate culture and mobilize organizational energy behind the drive for good strategy execution and operating excellence.

AACSB: Analytic

Blooms: Remember

Difficulty: 3 Hard

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 4: Executing a Strategy

108. Identify and explain four actions that top executives can take that are key elements indirecting organizational action and building capabilities behind the drive for good strategy execution to meet or beat performance targets.

AACSB: Analytic

Blooms: Understand

Difficulty: 3 Hard

Learning Objective: 02-04 Become aware of what a company must do to achieve operating excellence and to execute its strategy proficiently.

Topic: Task 4: Executing a Strategy

109. What are the duties of a company's board of directors in the strategy-making, strategy-executing process?

AACSB: Analytic

Blooms: Remember

Difficulty: 1 Easy

Learning Objective: 02-05 Become aware of the role and responsibility of a company's board of directors in overseeing the strategic management process.

Topic: Corporate Governance: The Role of the Board of Directors in the Strategy-Crafting and Strategy-Execution Process

110. List and briefly discuss at least three obligations of a company's board of directors in corporate governance and the strategy-making, strategy-executing process.

AACSB: Analytic

Blooms: Remember

Difficulty: 2 Medium

Learning Objective: 02-05 Become aware of the role and responsibility of a company's board of directors in overseeing the strategic management process.

Topic: Corporate Governance: The Role of the Board of Directors in the Strategy-Crafting and Strategy-Execution Process