

Test Bank for Strategic Management A Competitive Advantage Approach Concepts 14th Edition David 0132666219 9780132666213

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Strategic Management: A Competitive Advantage Approach, 14e (David) **Chapter 2 The Business Vision and Mission**

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

Answer: TRUE

Diff: 2 Page Ref: 45

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

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

2) Although it is important for companies to have a clearly defined mission statement, research has shown that less than 50% of all companies have used a mission statement in the previous five years.

Answer: FALSE

Diff: 2 Page Ref: 45

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

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

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

Answer: TRUE

Diff: 1 Page Ref: 45

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

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

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

Answer: FALSE

Diff: 1 Page Ref: 45

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

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

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

Answer: TRUE

Diff: 1 Page Ref: 45

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

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

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

Answer: FALSE

Diff: 2 Page Ref: 45

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

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

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

Answer: FALSE

Diff: 2 Page Ref: 45

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

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

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

Answer: TRUE

Diff: 1 Page Ref: 44

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 45

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

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

10) Small, nonprofit organizations never develop mission statements.

Answer: FALSE

Diff: 2 Page Ref: 44-45

AACSB: Reflective Thinking Skills

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

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

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

Answer: FALSE

Diff: 1 Page Ref: 45

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

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

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

Answer: TRUE

Diff: 1 Page Ref: 45

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 46

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

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

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

Answer: FALSE

Diff: 2 Page Ref: 47

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

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

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

Answer: FALSE

Diff: 3 Page Ref: 47

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 47

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

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

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

Answer: FALSE

Diff: 1 Page Ref: 47

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

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

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

Answer: FALSE

Diff: 2 Page Ref: 47

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 47

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

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

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

Answer: FALSE

Diff: 2 Page Ref: 48

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

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

21) According to King and Cleland, carefully developed and written mission statements ensure unanimity of purpose within the organization.

Answer: TRUE

Diff: 1 Page Ref: 48

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

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

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

Answer: FALSE

Diff: 2 Page Ref: 48

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 48

AACSB: Reflective Thinking Skills

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

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

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

Answer: FALSE

Diff: 2 Page Ref: 49

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 49

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

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

26) Mission statements provide managers with a unity of direction that transcends individual, parochial and transitory needs by promoting a sense of shared expectations among all levels and generations of employees.

Answer: TRUE

Diff: 2 Page Ref: 49

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 49

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

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

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

Answer: FALSE

Diff: 1 Page Ref: 49

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

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

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

Answer: FALSE

Diff: 1 Page Ref: 49

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 1 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 1 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 50

AACSB: Reflective Thinking Skills

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 1 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 50

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 1 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 3 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 49

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 3 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 52

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 2 Page Ref: 52

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: TRUE

Diff: 1 Page Ref: 53

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

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

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

Answer: TRUE

Diff: 2 Page Ref: 51-52

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: FALSE

Diff: 1 Page Ref: 54

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

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

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

A) SEC reports

B) annual reports

C) customer service agreements

D) supplier agreements

E) business plans

Answer: A

Diff: 2 Page Ref: 45

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

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

59) According to recent studies, what percent of companies have used a mission statement sometime in the past five years?

- A) 15%
- B) 30%
- C) 60%
- D) 75%
- E) 90%

Answer: E

Diff: 1 Page Ref: 45

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

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

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

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

Answer: D

Diff: 2 Page Ref: 45

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

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

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

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

Answer: B

Diff: 1 Page Ref: 45

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

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

- 62) The ideal length of a vision statement is
- A) one page.
 - B) several paragraphs.
 - C) one sentence.
 - D) several sentences.
 - E) as long as is necessary to convey the message.

Answer: C

Diff: 1 Page Ref: 45

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

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

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

- A) Deming
- B) Peters
- C) Drucker
- D) McGinnis
- E) Smith

Answer: C

Diff: 2 Page Ref: 45

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

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

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

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

Answer: A

Diff: 2 Page Ref: 46

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

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

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

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

Answer: D

Diff: 2 Page Ref: 46

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

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

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

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

Answer: B

Diff: 2 Page Ref: 45

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

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

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

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

Answer: D

Diff: 1 Page Ref: 46

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

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

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

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

Answer: D

Diff: 1 Page Ref: 46

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

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

69) The mission statement answers which question?

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

Answer: A

Diff: 2 Page Ref: 45

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

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

70) The vision statement answers which question?

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

Answer: C

Diff: 1 Page Ref: 45

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

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

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

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

Answer: B

Diff: 1 Page Ref: 47

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

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

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

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

Answer: B

Diff: 2 Page Ref: 47

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

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

73) After a draft mission statement has been developed, it is important to

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

Answer: E

Diff: 3 Page Ref: 47

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

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

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

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

Answer: E

Diff: 2 Page Ref: 47

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

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

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

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

Answer: A

Diff: 3 Page Ref: 48

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

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

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

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

Answer: C

Diff: 2 Page Ref: 48

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

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

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

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

Answer: C

Diff: 2 Page Ref: 48

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

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

78) King and Cleland recommend that organizations carefully develop a written mission statement for all of the following reasons EXCEPT

- A) to provide a basis for allocating organizational resources
- B) to establish a general tone or organizational climate
- C) to ensure unanimity of purpose within the organization
- D) to ensure a command-and-control structure
- E) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization

Answer: D

Diff: 2 Page Ref: 48

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

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

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

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

Answer: E

Diff: 1 Page Ref: 48

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

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

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

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

Answer: B

Diff: 2 Page Ref: 49

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

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

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

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

Answer: A

Diff: 2 Page Ref: 50

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

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

82) Which group would be classified as stakeholders?

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

Answer: E

Diff: 1 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

83) All stakeholders

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

Answer: A

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

84) A good mission statement has

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

Answer: B

Diff: 3 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: D

Diff: 1 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: A

Diff: 2 Page Ref: 49-50

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: E

Diff: 2 Page Ref: 50

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: D

Diff: 2 Page Ref: 50

AACSB: Communication Abilities

Objective: 2.03 Identify the components of mission statements.

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

89) In developing a mission statement, arousing emotion

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

Answer: C

Diff: 1 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: A

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: D

Diff: 2 Page Ref: 50-51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: A

Diff: 1 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

- A) AT&T focuses on communication rather than telephones.
- B) ExxonMobil focuses on oil and gas rather than energy.
- C) Union Pacific focuses on transportation rather than railroads.
- D) Universal Studios focuses on entertainment rather than movies.
- E) Starbucks focuses on the café experience rather than coffee.

Answer: B

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: C

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: C

Diff: 2 Page Ref: 50

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: C

Diff: 2 Page Ref: 52

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: A

Diff: 2 Page Ref: 52

Objective: 2.03 Identify the components of mission statements.

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

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

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

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

Answer: B

Diff: 2 Page Ref: 53

Objective: 2.03 Identify the components of mission statements.

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

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

Answer: B

Diff: 3 Page Ref: 53

Objective: 2.03 Identify the components of mission statements.

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

- 100) Effective mission statements can vary in

- A) length.
- B) content.
- C) format.
- D) specificity.
- E) all of the above

Answer: E

Diff: 1 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: E

Diff: 2 Page Ref: 51-52

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: B

Diff: 2 Page Ref: 51

AACSB: Ethical Understanding and Reasoning Abilities

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: E

Diff: 1 Page Ref: 51-52

Objective: 2.03 Identify the components of mission statements.

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

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

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

Answer: A

Diff: 1 Page Ref: 51-52

Objective: 2.03 Identify the components of mission statements.

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

105) Effective and carefully planned mission statements

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

Answer: E

Diff: 1 Page Ref: 54

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

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

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

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

Diff: 1 Page Ref: 45

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

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

107) Compare and contrast vision statements with mission statements.

Answer: Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, "What is our business," the vision statement answers the question, "What do we want to become?" When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.

Diff: 2 Page Ref: 47

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

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

108) Explain the process of developing a mission statement.

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

Diff: 2 Page Ref: 47

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

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

109) King and Cleland recommend organizations carefully develop a written mission statement for six reasons. List and describe five of these reasons.

Answer: There are six reasons King and Cleland give to develop a mission statement. Students may list and describe any five of the following: 1) to ensure unanimity of purpose within the organization, 2) to provide a basis, or standard, for allocating organizational resources, 3) to establish a general tone or organizational climate, 4) to serve as a focal point for individuals to identify with the organization's purpose and direction, and to deter those who cannot from participating further in the organization's activities, 5) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization, and 6) to specify organizational purposes and then to translate these purposes into objectives in such a way that cost, time and performance parameters can be assessed and controlled.

Diff: 2 Page Ref: 48

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

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

110) List the two major characteristics of an effective mission statement.

Answer: The major characteristics of an effective mission statement are a declaration of attitude and a customer orientation.

Diff: 1 Page Ref: 49-51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

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

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

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

Diff: 2 Page Ref: 51-52

Objective: 2.03 Identify the components of mission statements.

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

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

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

Diff: 2 Page Ref: 53

Objective: 2.03 Identify the components of mission statements.

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