Exam 1 Review

1. What is an example of a company that uses a broad cost leadership strategy?
   1. Dollar General
   2. Walmart
   3. Best Buy
   4. Nordstrom
2. T/F: Firms compete on two general dimensions – the source of competitive advantage and the scope of operations.
3. A Best-Cost strategy consists of:
   1. Selling items for the best price to customers
   2. Only buying from suppliers that will give you the best price.
   3. Charging relatively low prices while also offering substantial differentiation.
   4. Matching or beating your competitor's prices for goods.
4. T/F: Firms that are not able to offer low prices or appealing unique features are referred to as “stuck in the middle”
5. What is the difference between a differentiation strategy and a focused differentiation strategy?
6. T/F: Michael Porter in 1996 said that firms should only focus on what they are going to do with their strategy and not focus on what they are not going to do with their strategy.
7. T/F: An advantage of differentiation strategy would include Imitations.
8. Economies of scale are created when \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
   1. Costs of offering good and servies decreases as a firm is able to sell more items.
   2. When an industry is able to penetrate all markets within the country’s economy.
   3. When an economy consists of many competitors within an industry
   4. When the price of goods and raw materials incrase, causing firms to raise their prices.
9. T/F: Many cost leaders rely on economies of scale.
10. T/F: An advantage of a cost leadership strategy is that large volumes of sales are needed because low margins.

Answers:

1. B – Walmart
2. True
3. C – Charging relatively low prices while also offering substantial differentiation.
4. True
5. Differentiation has a much broader offering for their consumers. Ex. Old Navy vs Victoria Secret
6. False – Strategy is as much about deciding what a firm is not going to do as much as it is about what they are going to do.
7. False - Imitation is a disadvantage while strong margins would be an advantage.
8. A
9. True
10. False - That is a disadvantage.
11. What is meant by general environment?
    1. Overall trends and events in society
    2. The weather outside every day
    3. Multiple organizations that collectively compete w/ one another
12. The environment consists of the set of \_\_\_\_\_\_\_\_ and \_\_\_\_\_\_\_ that have the potential to influence the organization.
    1. External conditions, forces
13. The industry consists of multiple organizations that do not compete with one another.
    1. True
    2. False
14. What do the 6 letters in PESTEL stand for and what does each word of the acronym mean?
    1. (Short Answer)
15. The economic segment centers on the economic conditions within which organizations operate.
    1. True
    2. False
16. Events and trends that create chances to improve an organizations performance level are \_\_\_
    1. Threats
    2. Substitutes
    3. Competitors
    4. Opportunities
17. What are the Five Forces a part of Michael Porter Jr.’s Five Forces Analysis?
    1. (Short Answer)
18. The analysis of the \_\_\_\_\_\_\_\_\_\_ in an industry can offer important insights to executives.
    1. Breadth
    2. Quality
    3. Strategic Groups
    4. Mobility Barriers
19. Which of the following is not one of Porter Jr.’s Five Forces?
    1. New Entrants
    2. Rivalry
    3. Environment
    4. Suppliers
20. On organization can survive without the support of its environment.
    1. True
    2. False
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31. True or False: strategic management examines how actions and events involving top executives, firms, and industries influence a firm’s success or failure. **(True)**
32. Which of the 5 Ps is a carefully crafted set of steps that a firm intends to follow in order to be successful?
33. Ploy
34. **Plan**
35. Pattern
36. Perspective
37. Which of the following is NOT one of the 5 Ps?
38. Pattern
39. Perspective
40. Position
41. **Proposition**
42. A business model can be defined as:
43. **The process through which a firm hopes to earn profits**
44. The degree of consistency in a firm’s strategic actions
45. A carefully crafted set of steps that a firm intends to follow to be successful
46. A specific move designed to outwit or trick competitors
47. True or False: the intended strategy is another name for the realized strategy **(False, the intended strategy is the strategy that the firm hopes to execute, the realized strategy is the strategy that the firm actually follows)**
48. True or False: the idea of strategy has its roots in ancient warfare **(True)**
49. Which of the following correctly describes emergent strategies?
50. Strategy that an organization hopes to execute
51. The abandoned parts of the intended strategy
52. **An unplanned strategy that arises in response to unexpected opportunities or challenges**
53. A strategy that an organization doesn’t follow

Multiple Choice

1. What do SMART goals stand for?
   1. Specific, Measurable, Aggressive, Realistic, Timebound
   2. Specific, Measurable, Appropriate, Realistic, Timebound
   3. Specific, Meaningful, Aggressive, Realistic, Timebound
   4. Strategic, Measurable, Aggressive, Realistic, Timebound

Answer: A

1. Learning and growth measure a performance related to:
   1. How the organization has been performing in the future
   2. How the organization has been performing in the past
   3. How the organization has been performing in the present

Answer: A

1. Scoundrels are what type of CEO Reputations and Fame
   1. Low Fame, High Reputation
   2. High Fame, High Reputation
   3. Low Fame, Low Reputation
   4. High Fame, Low Reputation

Answer: D

1. Which one is not a type of entrepreneurial orientation?
   1. Autonomy
   2. Innovativeness
   3. Drive
   4. Risk Taking

Answer: C

1. What does a mission statement outline?
   1. The reasons for the organization’s existence explain what role it plays in society.
   2. describes what the organization hopes to become in the future.
   3. help provide clarity, transparency, and accountability.
   4. helps managers resist the temptation to fixate on financial measures and instead monitor a diverse set of important measures.

Answer: A

True/False

1. A performance measure is a benchmark used to make sense of an organization’s standing along a performance measure.
   1. False
   2. True

Answer: False, Performance measure is a metric along which organizations can be gauged such as profits, stock price, and sales

1. The balanced scorecard recommends that managers gain an overview of the organization’s performance by tracking a small number of key measures that collectively reflect four dimensions: (1) financial, (2) customer, (3) internal business process, and (4) learning and growth.
   1. True
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