

BUSINESS STRATEGY

Module 1 Quiz

1. Which of the following are characteristics of a good mission statement?

Does not lose sight of the customer needs or problems that the company was built to address

Is a memorable, inspiring, brief statement

Emphasizes the creation of some type of customer or social value

All of the above

2. Why did Blockbuster shut down or close?

The company ran into labor problems

The company was badly run and so it ran out of cash

Blockbuster substituted its business with more in-demand liquor business

The same needs of the customer were met with a better business model

3. What does the letter 'R' in the V-A-R-S framework stand for?

realization of value

Results

Resources

Research

4. The true impact of vision and mission statements does not depend on the actions of the company's leaders.

True

False

5. Which of the following is NOT true about Uber's business model?

Uber employs a rating system where both the driver and passenger can rate each other after the ride

Uber ensures high quality of customer experience by directly employing its drivers

Uber paid around 80% of the fare from a ride to the driver and kept 20% to itself

Uber does not own the fleet of vehicles it uses for its services

6. A business' strategy to "realize value" by capturing some of its economic value added is also called its:

Revenue model

Profit model

Eva model

Profit margin model

7. Leaders have a key responsibility to communicate the company's mission, vision and values.

True

False

8. Which of the following made Uber drivers least happy about working for Uber?

Assurance of being paid

Ability to use own vehicle and easily start driving

Flexible hours of work

Uber's rates and commission

9. A good mission statement does all of these things *except*:

Is lived and practiced by the company

Does not lose sight of the customer's needs

Is focused on a single product or service

Highlights the creation of customer or social value

Module 2 Quiz

1. What does the "P" in the PESTEL framework stand for?

Psychology

Political

Public

Psycho-social

2. When assessing the overall effect on industry profitability of the five forces in Porter's framework, one should follow which of the following approaches?

Calculate and focus on the average effect of all the forces.

Ignore the assessment of each of the forces as they have no bearing on profitability.

Focus mostly on the pivotal force, which is the greatest source of competition in the industry.

Use the PESTEL framework to understand how the five forces will affect profitability.

3. Which of the following industries is historically among the most profitable in the U.S.?

Airline services

Aircraft, guided missiles, and parts

Pharmaceutical drugs

Iron and steel

4. What force in the 5-forces framework corresponds to the threat of price wars in the industry?

Bargaining power of suppliers

Rivalry among industry firms

Threat of substitutes

Bargaining power of buyers

Threat of new entrants

5. PESTEL is a strategic framework used to analyze the industry environment of a company.

True

False

6. Complements, which were not originally included in Porter's 5 forces, are conceptually the opposite of substitutes

False

True

7. The presence of close substitute products in an adjacent industry tends to increase the profitability of an industry.

True

False

8. Which of the following best describes what the industry environment of a company is comprised of?

Complementors and substitutes

Competitors and entrants

Suppliers and buyers

All of the above

9. Inherently, industry analysis is a static framework, but it can be used in a quasi-dynamic way by applying the framework at different points in time.

True

False

10. The core premise of the structure-conduct-performance paradigm is that performance is what ultimately creates industry structure.

False

True

11. In which of the following scenarios are entry barriers low so that new firms will likely enter an industry?

Capital requirements in the industry are low

The industry has significant learning curve economies

Existing firms in the industry are strong and have a reputation of retaliation

Access to critical raw materials is limited

12.What does the “S” in the PESTEL framework stand for?

Socio-cultural

Sustainability

Socialism

Substitutes

13.The PESTEL framework provides great guidance on the implications of macro-environmental trends for companies and their strategies.

False

true

Module 3 Quiz

1.Why has Southwest Airlines done amazingly well when others in the airline industry have been unprofitable?

It is invested in other industries to hedge the risk of being in the airline industry.

Many of its competitors filed for bankruptcy and so were unable to compete.

It has developed and sustained a competitive advantage over its competitors

All of the above

2.What do we mean when we say that a firm has a competitive advantage?

The firm is able to outperform its competition.

The firm performs better than the industry average competitor.

The firm is better at taking competitive actions than other firms.

A and B

A, B, and C

3.Which of the following is an example of an intangible resource?

Real estate

Customer relationships

Machinery

Borrowing capacity

4.If a firm has a resource or a capability that is valuable and rare, but potentially imitable, then it may have a _____.

Competitive parity

Sustained competitive advantage

Temporary competitive advantage

Competitive disadvantage

5.Starbucks's real-estate approach was to avoid having multiple Starbucks outlets close proximity or on the same block to prevent cannibalizing each other's sales.

False

True

6.When do we say that a firm has sustained competitive advantage?

When a firm's superior performance over the competition is achieved using environmentally sustainable practices

When a firm's superior performance over its competition is profitable

When a firm's superior performance over its competition is maintained over time

When a firm's performance is equal to the average of the industry

7.Why do some businesses perform exceptionally well even in poorly performing industries?

They managed to create a cartel with other high performers

They face very little competition from rivals

They have developed and sustained a competitive advantage

They lobbied the government to pass favorable laws

8.Which of the following is an example of a tangible resource?

Raw material leases

Employee skills and expertise

Supplier and distributor relationships

Knowhow

Module 4 Quiz

1.What are the main "generic strategies" that companies can use to strategically position their business units?

Differentiation leadership and price advantage

Cost advantage and product leadership

Price leadership and product advantage

Cost leadership and differentiation advantage

2.Which of the following competitors has lower cost and provides higher value than the industry average competitor?

Successful differentiated competitor

Successful low cost competitor

Competitor with dual/integrated advantage.

None of the above

3.Which of the following is NOT a characteristic of a firm that is adopting differentiation advantage to gain competitive advantage?

The firm commands a price premium for its products or services.

The firm produces products or services that are unique and different from competitors.

The firm places its emphasis on controlling costs in order to produce higher EVA and profits.

The firm emphasizes value creation for customers and produces higher EVA and profits in that way.

4.What are dynamic capabilities?

Capabilities that are flexible to multiple uses

Capabilities that face dynamic forces over time

Capabilities that use dynamic processes

Capabilities that enable companies to change their resource or capability base

5.Better capacity utilization is a driver of differentiation advantage for firms.

True

False

6.Cost leadership strategy requires firms to have broad scope.

True

False

7.Nokia, Blackberry, and Kodak have NOT been successful in recent years because they got stuck in the middle and needed a dual strategy.

True

False

8.What is a differentiation advantage strategy?

The production of similar products as competitors at a lower cost

When a firm produces unique products and sells them at a discount

When a firm offers similar products as competitors at a premium price

When a firm produces a unique product and can sell it at a premium

9. Which of the following is NOT a part of the 3P dynamic capabilities framework?

Paths

Processes

Products

Positions

10. Customization is a driver of cost advantage for firms.

True

False

11. What is a dual (or integrated) strategy?

A strategy that uses narrow scope and differentiation strategy

A strategy that creates value through narrow and broad scope simultaneously

A strategy that combines the benefits of cost leadership and differentiation advantage

A strategy that uses broad scope and cost leadership

12. Differentiation strategy and narrow scope are often a natural fit.

True

False