

Quiz #3

Due Feb 5 at 11:59pm

Points 10

Questions 10

Available Jan 28 at 12am - Feb 5 at 11:59pm

Time Limit 30 Minutes

Allowed Attempts 2

Instructions

- As a reminder:
- These quizzes are open book/note, but **NOT** "open neighbor!"
 - You will have two chances to take the quiz but please note that the scores will be averaged to calculate your final grade.
 - Canvas will randomly sort the answers to the questions so you may have the answer "all of the above" listed out of sequence. In these cases, the answer simply refers to all of the other answers.
 - Please make sure you read the material before you take the quiz as it will speed up your ability to answer the questions in the allotted time (will usually be 30 mins for each quiz unless indicated otherwise in the quiz instructions).

The quiz this week will cover the reading materials:

- Competing in the Age of AI: Chapters 2-3 (HBSP Book)

Take the Quiz Again

Attempt History

	Attempt	Time	Score
LATEST	<u>Attempt 1</u>	30 minutes	10 out of 10

⚠️ Answers will be shown after your last attempt

Score for this attempt: **10** out of 10
Submitted Feb 1 at 4:47pm
This attempt took 30 minutes.

Question 1	1 / 1 pts

According to our reading, why do we need firms instead of markets to coordinate the actions of workers?

- ☒ To reduce transaction costs

Correct!

Per the reading: "We need firms because coordinating each worker to engage in joint production through markets alone would require prohibitive transaction costs."

Oliver Williamson won the Nobel Prize in Economics for his work on transaction cost economics.

- ☐ To provide employment for workers
- ☐ To process inputs in order to generate rents
- ☐ None of the above

Question 2

1 / 1 pts

According to our reading, the way a firm creates and captures value is referred to as which of the following?

- ☒ Business Model

Correct!

A business model is the way a firm promises to create and capture value.

- ☐ Operating Model
- ☐ Cashflow Model

☐ Information Technology Model

Question 3

1 / 1 pts

According to our reading, the way a firm creates value for its employees is referred to as the operating model?

☐ True

☒ False

Correct! An operating model is how the company delivers value to its customers.

Question 4

1 / 1 pts

Based on our reading, when you pay 30% of your fare to Uber when you utilize their service, this is an example of which of the following?

☒ Value Capture by Uber

Correct!

The 30% margin Uber captures on each fare is the firm's "value capture" strategy as part of its business model.

☐ Value Creation by Uber

☐ Value Capture by the Customer

☐ None of the above

Question 5**1 / 1 pts**

Delivering value to as many customers as possible while driving our costs as low as possible is referred to as which of the following in our reading?

☒ Scale

Correct!

Managing scale is about designing an operating model to deliver as much value to as many customers as possible at the lowest cost.

☐ Scope

☐ Operating range

☐ None of the above

Question 6**1 / 1 pts**

A firm's scope refers to the ability of the firm to focus on offering a highly differentiated product to a core set of customers.

☐ True

☒ False

Correct!

A firm's scope is defined as the range of activities the firm performs (e.g., the variety of products and services it offers its customers).

Question 7**1 / 1 pts**

In order to optimize the long term performance of the organization, the company ideally should work to align its strategy with the operating model of the organization. In other words, the operating model comes first and the strategy should always be adapted to the dictates of the operating model!

☐ True

☒ False

Correct!

Strategy, or the business model, should come first and the "operating models should match the direction set by the firm's business model."

Question 8**1 / 1 pts**

According to our reading, an algorithm that relies on training an AI system to recognize expert classification of a cluster or category is referred to as which of the following types of learning algorithms?

☒ Supervised learning

Correct!

Supervised learning algorithms are built on expert classification systems. In other words, humans have to identify the clusters/categories first, and then train the AI to recognize the clusters/categories based on a set of specified "rules"

☐ Unsupervised learning

☐ Reinforcement learning

☐ All of the above

Question 9

1 / 1 pts

According to our reading, an algorithm is a set of rules a machine follows to do which of the following?

☒ All of these answers

Correct!

An algorithm is a set of rules a machine follows to make a decision, to generate a prediction, or to solve a particular problem.

☐ To make a decision

☐ To generate a prediction

☐ To solve a particular problem

Question 10

1 / 1 pts

Based on our reading, which of the following algorithms would you recommend I use if I needed to predict whether a new set of customers would buy a new innovative product I had developed? Assume that I did not know the factors that would drive their decision-making but I could track their actions over time after I launched the product.

☒ Reinforcement learning

Correct!

If the customers are new, then I likely do not have historical data on their transaction history in order to predict their future behaviors. This would make it difficult to use either an unsupervised or supervised learning algorithm. However, since I can track their behavior over time and "learn" based on how they interact with the smart product, a reinforcement learning algorithm would potentially be most effective since I had the "performance function" (i.e., whether they purchase the product or not) as the basis for determining what is working and what is not working.

- ☐ Supervised learning
- ☐ Unsupervised learning
- ☐ All of the above

Quiz Score: **10** out of 10