

# Ch04

Student: \_\_\_\_\_

1. The basic planning cycle goes in one dimension - into the future.  
True False
2. Situational analysis, as part of the formal planning process, focuses on internal forces at work within the organization and examines influences from the external environment.  
True False
3. Goals should be linked to a time frame and should be measurable.  
True False
4. Standing plans are designed to achieve a set of goals that are not likely to be repeated in the future.  
True False
5. When doing scenario planning, a different contingency plan is attached to each scenario.  
True False
6. The final step in the formal planning process, monitor and control is often overemphasized.  
True False
7. Making decisions about the organization's short-term goals and tactics is called strategic planning.  
True False
8. An organization's strategic and tactical plans are typically based upon the current operational plans.  
True False
9. Traditionally, strategic planning has emphasized a bottom-up approach.  
True False
10. Strategic management involves managers from all parts of the organization in the formulations and implementation of strategic goals and strategies.  
True False
11. To be effective, the organization's strategic plans should focus on different and more important goals than those of its tactical and operational plans.  
True False
12. An organization's mission statement describes the company's basic purpose.  
True False
13. An organization's mission statement is long-term oriented while a strategic vision is short-term oriented.  
True False
14. The mission and vision of an organization evolve from its strategic goals.  
True False
15. Stakeholders are groups and individuals who have a financial stake in the company.  
True False
16. An environmental analysis should include buyers, suppliers, government and regulatory agencies and trade associations.  
True False

17. Cheung Beverage produces portable beverage containers of many types. A manager monitors internet blogs related to the beverage industry, and discovered a movement to boycott brands utilizing bisphenol A (BPA), a potentially hazardous substance in some plastics and one that is used by Cheung. The manager's actions were part of an environmental analysis.  
True False
18. One critical task in environmental analysis is forecasting future trends.  
True False
19. Resources are inputs to production that can be accumulated over time to enhance performance.  
True False
20. Resources are a source of competitive advantage only when they are valuable, rare, difficult to imitate and organized.  
True False
21. When a manager tries to understand "best practices" in his/her industry, he/she is practicing "bootlegging".  
True False
22. A concentration strategy involves expanding the domain of the organization into supply channels and to distributors.  
True False
23. The Boston Consulting Group Matrix is used to help managers of businesses evaluate their strategic alternatives related to their portfolios.  
True False
24. Businesses using a low-cost strategy attempt to be efficient and offer a standard, no-frills product.  
True False
25. Functional strategies are implemented at the top levels of management.  
True False
26. A strategic control system must simultaneously pursue both efficiency and flexibility.  
True False
27. Managers typically face novel and unstructured problems, which is one reason decision makers are sometimes uncertain about how to proceed.  
True False
28. Monte Simmons is the manager of a small restaurant and must decide how much money he owes his suppliers. This is an example of a non-programmed decision.  
True False
29. With careful planning, uncertainty and risk can be avoided in management decisions.  
True False
30. Generating alternative solutions is the first stage in decision making.  
True False
31. Satisficing is achieving the best possible outcome.  
True False
32. Those who implement a decision must understand the choice and must be committed to it.  
True False
33. Evaluation of the decision, the final stage of the decision process, is only useful if the feedback is negative.  
True False

34. The illusion of control is a belief that one can influence events even when one has no control over what will happen.  
True False
35. Discounting the future is a psychological bias that is said to partly explain students who don't study.  
True False
36. In decision making, it is always better to use a group than an individual.  
True False
37. Some experts advise that in today's complex business environment, significant problems should always be tackled by groups.  
True False
38. One advantage of using a group for decision making is that disagreement is unlikely, in a phenomenon called groupthink.  
True False
39. The job of a "devil's advocate" is to create destructive conflict.  
True False
40. In brainstorming, group members generate as many ideas about a problem as they can.  
True False
41. Which of the steps in the formal planning process involves studying past events, examining current conditions and forecasting future trends?  
A. Situational analysis  
B. Alternative goals and plans  
C. Goal and plan evaluation  
D. Goal and plan selection  
E. Monitor and control
42. The outcome of situational analysis is  
A. the identification of alternative plans of action.  
B. the identification of contingency plans to be followed under various scenarios.  
C. the identification of planning assumptions, issues and problems.  
D. the identification of the consequences of those alternatives under consideration.  
E. None of the above
43. The targets or ends the manager wants to reach are called  
A. goals.  
B. plans.  
C. mission statement.  
D. vision.  
E. None of the above
44. Plans are  
A. actions taken to achieve goals.  
B. targets a manager wants to reach.  
C. specific to differing industries.  
D. inappropriate when resources are scarce.  
E. All of the above.
45. A plan which focuses on ongoing activities and may become a more permanent policy or rule is called a  
A. standing plan.  
B. single-use plan.  
C. time-bound plan.  
D. contingency plan.  
E. visionary plan.

46. A plan to integrate employees into a new system of payroll is an example of a \_\_\_\_\_ plan. (Assume that this will not need to be done again in the foreseeable future.)
- A. standing
  - B. single-use
  - C. implementation
  - D. on-site
  - E. None of the above
47. A policy developed for the yearly graduation ceremony at Easy Town High School can be described as a(n)
- A. standing plan.
  - B. single-use plan.
  - C. contingency plan.
  - D. "what-if" plan.
  - E. unprofessional plan.
48. If expansion to Australia does not materialize, Widget, Inc.'s backup plan is to expand to Asia. This backup plan is an example of a
- A. strategic plan.
  - B. single-use plan.
  - C. contingency plan.
  - D. standing plan.
  - E. trial-and-error plan.
49. BR Associates often uses management groups to consider the advantages, disadvantages and potential effects of goals and plans. BR Associates is involved in which basic planning stage?
- A. Goal and plan evaluation
  - B. Goal and selection
  - C. Implementation
  - D. Monitor and control
  - E. Alternate goals and plans
50. The \_\_\_\_\_ step should identify the priorities and trade-offs among goals and plans, including costs and likely investment return.
- A. goal and plan evaluation
  - B. goal and plan selection
  - C. implementation
  - D. monitor and control
  - E. alternate goals and plans
51. Implementation of selected goals and plans will be most successful when
- A. only managers participate in the planning process.
  - B. limited resources are provided for implementation.
  - C. the goals and plans are linked to other organizational systems like budgets and rewards.
  - D. the employees remain skeptical of the plan.
  - E. All of the above
52. When a goal and accompanying plans are selected, the other plans that were previously under consideration may be
- A. discarded.
  - B. pursued simultaneously.
  - C. used as contingency plans for various scenarios that may develop.
  - D. developed thoroughly for feasibility studies of failed scenarios.
  - E. None of the above

53. Which step in the formal planning process is sometimes ignored?
- A. Goal and plan evaluation
  - B. Situational analysis
  - C. Monitor and control
  - D. Implementation
  - E. Alternative goals and plans
54. Implementation cannot be assured unless managers develop \_\_\_\_\_ which allow them to take corrective action when necessary.
- A. sanctions for improper performance
  - B. systems that measure performance
  - C. a "control leader"
  - D. contingency plans for various scenarios
  - E. strategic planning motives
55. The three levels of planning are
- A. strategic, business and operational.
  - B. strategic, synergistic and operational.
  - C. strategic, tactical and operational.
  - D. visionary, strategy and operational.
  - E. None of the above
56. A set of procedures for making decisions about the organization's long-term goals and strategies is called
- A. a mission statement.
  - B. a vision statement.
  - C. strategic planning.
  - D. tactical planning.
  - E. operational planning.
57. Strategic goals typically involve
- A. production scheduling, training of personnel, accounting procedures, and updating equipment used.
  - B. profit levels, market share, growth, return on investment, and societal contributions.
  - C. advertising expenditures, sales levels, product use innovations, and customer feedback levels.
  - D. absenteeism levels, benefit usage and value, human resource utilization, and compliance with civil rights laws.
  - E. All of the above are typical strategic goals.
58. A pattern of actions and use of resources which is developed with the intention to achieve the goals of an organization is referred to as
- A. strategic goals.
  - B. tactical plans.
  - C. a strategy.
  - D. strategic operationalizing.
  - E. mission development.
59. Strategic goals are major targets or end results that relate to the long-term survival, value, and growth of the organization.
- A. major targets that relate to the organization in the long-term.
  - B. focused specific to a functional area in the organization.
  - C. driven by operational plans.
  - D. focus on the major actions a unit must take.
  - E. procedures and processes to get work done.

60. The level of planning involving the longest time frame is
- A. operational planning.
  - B. missionary planning.
  - C. tactical planning.
  - D. departmental planning.
  - E. strategic planning.
61. Who is responsible for strategic planning?
- A. The chief executive officer only
  - B. Middle management
  - C. First-line supervisors
  - D. Tactical managers
  - E. Senior executives
62. The process of translating broad strategic goals and plans into specific goals and plans relevant to a particular portion of the organization is known as
- A. strategic planning.
  - B. operational planning.
  - C. tactical planning.
  - D. contingency planning.
  - E. synergy.
63. The process of identifying the specific procedures and processes required at lower levels of the organization is called
- A. strategic planning.
  - B. operational planning.
  - C. tactical planning.
  - D. contingency planning.
  - E. synergy.
64. Which characteristic is most desirable for an organization's strategic, operational and tactical goals?
- A. Aligned
  - B. Independent
  - C. Mutually exclusive
  - D. Focused on the long term
  - E. Focused on the short term
65. The level of planning that focuses on routine tasks and a relatively limited time frame is
- A. operational planning.
  - B. missionary planning.
  - C. tactical planning.
  - D. departmental planning.
  - E. strategic planning.
66. Traditionally, strategic planning has emphasized a \_\_\_\_\_ approach.
- A. trial-and-error
  - B. hierarchical
  - C. bottom-up
  - D. consultative
  - E. none of above
67. A process that involves managers from all parts of the organization in the formulation and implementation of strategic goals and strategies is called
- A. management.
  - B. strategic management.
  - C. environmental analysis.
  - D. operational planning.
  - E. strategic planning.

68. A business's basic statement of purpose is its
- A. vision.
  - B. mission.
  - C. strategy.
  - D. policy.
  - E. objective.
69. "To be the world's best quick-service restaurant experience" is an example of a(n)
- A. values statement.
  - B. mission statement.
  - C. tactical goal.
  - D. operational goal.
  - E. idea.
70. The long-term direction and strategic intent of a company refers to its
- A. strategic purpose.
  - B. strategic mission.
  - C. strategic vision.
  - D. strategic goals.
  - E. strategic objectives.
71. Stakeholders are
- A. those who are affected by an organization.
  - B. those who might affect an organization.
  - C. those who own an organization.
  - D. those who work in an organization.
  - E. All of the above
72. The internal analysis component of the strategic management process assesses
- A. the organization's financial performance.
  - B. the organization's competitors.
  - C. the organization's industry growth rate.
  - D. the organization's product substitutions in the market.
  - E. technology factors affecting the organization's industry.
73. Inputs to a system that can enhance performance are called
- A. strategies.
  - B. plans.
  - C. resources.
  - D. benchmarks.
  - E. risks.
74. Tangible assets include
- A. patents.
  - B. real estate.
  - C. company reputation.
  - D. technical knowledge.
  - E. organization culture.
75. Resources are a source of competitive advantage when they are
- A. historical.
  - B. difficult to imitate.
  - C. equally available to all competitors.
  - D. commonplace.
  - E. expensive.

76. The process of assessing how well one company's basic functions and skills compare to those of some other company is called
- A. benchmarking.
  - B. comparative analysis.
  - C. strategic planning.
  - D. operational planning.
  - E. None of the above
77. Rock Bottom Pizza, a chain of full-service pizzerias, periodically compares its quality and service levels to other restaurants in order to continually improve their own performance. This practice is known as
- A. anti-trust promotion.
  - B. investigative competition.
  - C. benchmarking.
  - D. trade studying.
  - E. corporate spying.
78. SWOT analysis includes
- A. opportunities.
  - B. worst-case scenarios.
  - C. situations.
  - D. time.
  - E. obstacles.
79. Federal Express has a(n) \_\_\_\_\_ in logistics and customer service, since these are activities it does especially well relative to its competitors.
- A. skill set
  - B. corporate culture
  - C. intangible asset
  - D. resource
  - E. core competence
80. A technique for summarizing important facts from the organization's internal and external analyses in order to formulate strategy is called a
- A. BCG matrix.
  - B. SWOT analysis.
  - C. benchmarking.
  - D. diversification.
  - E. functional strategy.
81. Identification of the industry (or industries) in which an organization is to compete is referred to as \_\_\_\_\_ strategy.
- A. business
  - B. industry
  - C. portfolio
  - D. functional
  - E. corporate
82. The acquisition or development of new businesses that produce parts or components of the organization's product, generally to eliminate uncertainties and reduce costs associated with suppliers or distributors. is a corporate strategy called
- A. concentration.
  - B. vertical integration.
  - C. concentric diversification.
  - D. conglomerate diversification.
  - E. corporate investiture.



83. In order to reduce production costs, Everlasting Tire decided to buy out a rubber plant and begin manufacturing their own rubber for their tires. This strategy is an example of
- concentration.
  - vertical integration.
  - concentric diversification.
  - conglomerate diversification.
  - differentiation.
84. A strategy used to add new businesses that produce related products or are involved in related markets and activities is called
- concentration.
  - vertical integration.
  - concentric diversification.
  - conglomerate diversification.
  - corporate investiture.
85. Although Party Beverage Company had focused only on alcohol products for the past two decades, the company is now considering entering the soft drink arena as well. Such a strategy would illustrate
- vertical integration.
  - concentric diversification.
  - conglomerate diversification.
  - concentration.
  - differentiation.
86. GR Real Estate, Inc. recently decided to expand from its original base in real estate to several wide-ranging industries such as trucking, lawn mower manufacturing and catering. This strategy is an illustration of
- vertical integration.
  - concentric diversification.
  - conglomerate diversification.
  - concentration.
  - differentiation.
87. In the Boston Consulting Group Matrix, each business in the portfolio is plotted on the basis of
- the profits they return to the Boston Consulting Group.
  - the business' growth rate and relative strength in the market.
  - the business' financial success and strength of reputation in the market.
  - long-term corporate planning.
  - previous resource allocation.
88. The O'Brien Corporation is evaluating the purchase of a small firm which manufactures Doodads. Doodads are expected to revolutionize the home construction industry. The firm which may be purchased has only a minor share of this growing market, but the market is expected to grow rapidly. What would this firm be considered, according to the Boston Consulting Group Matrix?
- A cash cow
  - A star
  - A satellite
  - A question mark
  - A dog
89. A "star" on the Boston Consulting Group Matrix represents a company
- with strong market share in a high growth industry.
  - with weak market share in a high growth industry.
  - with strong market share in a low growth industry.
  - with weak market share in a low growth industry.
  - that would be divested as soon as possible.

90. The major actions by which a business competes in a particular industry or market is called
- corporate strategy.
  - business strategy.
  - functional strategy.
  - BCG matrix plan.
  - situation analysis.
91. Southwest Airlines and Wal-Mart use which business strategy?
- Low-cost
  - Differentiation
  - Dog
  - Question mark
  - Benchmarking
92. When a company tries to be unique in its industry or market segment along dimensions that customers value, it is using \_\_\_\_\_ strategy.
- differentiation
  - diversification
  - dimensional issue
  - demand/supply
  - dimensional studies
93. The most effective strategy is
- one that most firms in the industry are following.
  - to always diversify.
  - one that competitors are unwilling or unable to imitate.
  - to be the "first mover", regardless of other factors.
  - to be a follower.
94. Functional strategies refer to
- those utilized by specific functional areas of a business to support the business strategy chosen by that business.
  - those utilized by top management in developing the corporate structure and resource allocation.
  - those strategies voted on by the Board of Directors.
  - those strategies that function as corporate benchmarks for evaluating corporate performance.
  - those strategies that have been shown to be successful.
95. Articulating in simple language what a particular business must do to create or sustain a competitive advantage, which is the first step in strategy implementation, is known as
- assessing organizational capabilities.
  - developing an implementation agenda.
  - defining strategic tasks.
  - creating an implementation plan.
  - developing a mission statement.
96. The final component of the strategic management process, a system to support managers in evaluating the organization's progress, is strategic
- implementation.
  - visioning.
  - formulation.
  - control.
  - cultural balancing.

97. Decisions encountered and made where the problem is frequent, repetitive, routine, with much certainty regarding cause-and-effect relationships, and the decision procedure depends on policies, rules, definite procedures are
- qualitative decisions.
  - programmed decisions.
  - non-economic decisions.
  - policy options.
  - nonprogrammed decisions.
98. Managers of Shadow Blinds are contemplating whether to open the company's first international branch in Europe or Asia. These managers are facing a \_\_\_\_\_ decision.
- routine
  - programmed
  - well structured
  - nonprogrammed
  - satisficing
99. The state that exists when the probability of success is less than 100 percent is
- certainty.
  - uncertainty.
  - risk.
  - standard deviation.
  - programmable decisions.
100. The state that exists when decision makers have insufficient information is
- certainty.
  - uncertainty.
  - risk.
  - probability.
  - indecision.
101. The initial step in the decision making process is to
- select an alternative.
  - evaluate the decision.
  - implement the decision.
  - generate alternatives.
  - identify the problem.
102. The manager of the Gallery Restaurant noted that the restaurant had experienced a decreased number of evening customers. The manager promptly ordered the chef to rewrite the evening menu. Customer feedback later indicated that the problem had not been the menu but poor service from the wait staff. The manager's decision to have the menu revised suggests that she failed to
- identify the problem.
  - evaluate the alternatives and consequences.
  - properly diagnose the cause of the problem.
  - evaluate the decision and its consequences.
  - identify a solution.
103. Once a problem is identified and properly diagnosed, the next stage in the decision making process involves
- evaluating alternatives.
  - evaluating consequences.
  - evaluating information.
  - evaluating the decision.
  - generating alternative solutions.

104. Anita is considering a new customer relationship management software solution for her business. She knows several business owners and managers who have made this type of change, so she calls upon them for their opinions and advice on what they have tried. Anita is most likely searching for a
- a designer-enhancement.
  - dynamic solution.
  - ready-made solution.
  - future-generated enhancement.
  - custom-made solution.
105. When a solution is specifically designed for a particular problem or set of problems, often combining ideas in a new and creative way, it is called
- a designer-enhancement.
  - dynamic.
  - ready-made.
  - future-generated.
  - custom-made.
106. \_\_\_\_\_ requires searching thoroughly for a complete range of alternatives, carefully assessing each alternative, comparing one to another and then choosing or creating the very best.
- Benchmarking
  - Maximizing
  - Minimizing
  - Satisficing
  - Optimizing
107. Pat, the manager of a mental health facility, has a large number of decisions to be made because several of her assistants are on vacation. One of the decisions she has to make today is which paper clips to purchase for the clinic. She looks at the office supply catalog and picks the first one she sees that is priced acceptably. Pat is
- minimizing.
  - optimizing.
  - satisficing.
  - incompetent as a manager.
  - putting off the decision.
108. Managers who optimize their decisions will attempt to choose
- the first minimally acceptable alternative.
  - among those alternatives with known results.
  - the least expensive alternative.
  - that alternative that produces the least conflict.
  - an alternative that achieves the best possible balance among several goals.
109. The final stage in the decision-making process is
- anticipating the results.
  - diagnosing the problem.
  - evaluating alternatives.
  - criteria analysis.
  - evaluating the decision.
110. Negative feedback received during the final evaluation of the decision indicates
- the decision was a bad one.
  - implementation will require more time, resources, effort or thought.
  - the manager may have to begin the decision process all over again.
  - more information and new suggestions should be acquired.
  - any of the above may be possible.

111. Psychological bias in decision making refers to
- A. the effect that a person's psychological capabilities have upon the decisions they must make under pressure.
  - B. what happens when a decision maker must balance the preferences of many interested parties, diluting effectiveness.
  - C. the conflict that results from too many people involved with making a decision.
  - D. the inability to be objective when gathering, evaluating and applying information for decision making.
  - E. the fact that people are motivated by a need for power which clouds their decision making capabilities.
112. The psychological bias known as "illusion of control" refers to
- A. a belief that you have ultimate control and cannot make a poor decision.
  - B. a belief that you can influence events even when you have no control over what will happen.
  - C. a belief that you have no control and so you don't put any effort into the decision.
  - D. a belief that some unknown person actually has the control and is waiting for you to make a poor decision.
  - E. a lack of confidence in your ability to gain control.
113. Illusion of control, discounting the future and framing effects are all examples of
- A. social realities.
  - B. psychological biases.
  - C. rationality.
  - D. vigilance.
  - E. time pressures.
114. The way in which the alternatives to a decision are stated or phrased may have an impact on which alternative is chosen. Varying alternatives can be presented in a more favorable or less favorable way, affecting the decision. This is referred to as
- A. framing effects.
  - B. phrasing effects.
  - C. fraud effects.
  - D. flamboyancy effect.
  - E. fracture effects.
115. Discounting the future refers to
- A. valuing long-term benefits at the cost of short-term benefits.
  - B. failing to consider inflationary costs.
  - C. underestimating the short-term effects of a decision.
  - D. valuing short-term benefits more heavily than long-term benefits.
  - E. failing to consider the effects of new entrants into the industry.
116. Pearl Jam made a public statement that they had decided not to book any concerts through Ticketmaster as an objection to the virtual monopoly Ticketmaster has on the industry. The initial strong public support has been followed by fewer concerts, lower revenues, less overall public exposure and more hassles for the band. In retrospect, the band's decision seems to have
- A. been improperly framed.
  - B. been socially irresponsible.
  - C. discounted the future.
  - D. psychological conflict.
  - E. involved too many conflicting groups.

117. Turtle Cove Inc. recently completed a process of reengineering the organization. In deciding upon the changes to be implemented, Turtle Cove involved many of the workers in the decision making. This enabled the workers to be aware of the various options that were available and why the options to be implemented were chosen. Utilizing the workers assisted the decisions by helping them to
- dominate the discussions.
  - utilize groupthink.
  - satisfice each worker.
  - displace the goals.
  - understand the decisions.
118. Advantages in using a group for decision making, include
- a higher level of commitment to the decision.
  - domination by one member in leading the discussion.
  - groupthink.
  - satisficing.
  - taking less time.
119. One of the potential problems concerning the process through which group members interact with one another is \_\_\_\_\_, which refers to allowing one person to control a discussion or decision.
- groupthink
  - satisficing
  - domination
  - displacement
  - esprit de corps
120. A phenomenon that occurs in decision-making when group members avoid disagreement as they strive for consensus is
- goal displacement.
  - domination.
  - intuition or judgment.
  - groupthink.
  - esprit de corps.
121. A condition that occurs when a decision-making group loses sight of its original goal and a new, possibly less important, goal emerges is
- goal displacement.
  - groupthink.
  - conflict.
  - goal domination.
  - group alternatives.
122. Shannon left the meeting, frustrated as usual. The group really needed to make some decisions regarding next year's marketing campaign. Tony rammed all his ideas through; they were good, but nobody else dared to speak up or contribute. The group experienced
- groupthink.
  - domination.
  - satisficing.
  - intellectual stimulation.
  - goal displacement.
123. When a group accepts an alternative that seems to please the members of the group, but the group has not taken the time or effort to explore many options, the group has
- experienced groupthink.
  - stimulated its intellect.
  - satisfied.
  - allowed domination.
  - displaced its goal.

124. Leaders of decision-making groups should
- A. discourage conflict between group members.
  - B. encourage groupthink to speed up the decision.
  - C. help the group satisfice.
  - D. encourage multiple alternatives from a variety of viewpoints.
  - E. dominate discussions.
125. In an effort to combat groupthink and an overall lack of creativity, the group leader assigned Tiffani to take on the task of criticizing ideas throughout the meeting. Tiffani was playing the role of
- A. conflict manager.
  - B. devil's advocate.
  - C. dialectic.
  - D. conflict antagonist.
  - E. dominator.
126. In an attempt to make a conflict between two employees less personal and emotional, their manager assigns each of them to approach a problem from a different viewpoint. This is an example of using the \_\_\_\_\_ approach.
- A. cognitive conflict
  - B. affective conflict
  - C. devil's advocate
  - D. dialectic
  - E. groupthink
127. In order to be creative, a brainstorming session must
- A. be free of criticism.
  - B. be held in private.
  - C. be done professionally.
  - D. be done face-to-face.
  - E. involve industry experts.
128. To be effective, goals should have certain qualities, which can be recalled through the use of the acronym S.M.A.R.T. List and describe each of these characteristics. Provide an example of a S.M.A.R.T. goal that has such qualities.
129. Discuss the three levels of planning. What are the characteristics of each in terms of managerial level, level of detail and time horizon?

130. List and explain at least five activities that might be involved in an environmental analysis.
131. Describe the two broad categories of resources and describe each one. Describe how resources can be a source of competitive advantage.
132. Describe low-cost and differentiation strategies, and how a business can achieve competitive advantage with either of them. Provide two examples of low-cost and differentiation strategies for specific businesses of your choice.
133. Differentiate between programmed and non-programmed decisions. Which type is more typical for managerial decisions? What is the relationship to uncertainty and risk? Give an example of each type of decision.
134. List and explain the six steps of the decision making process.
135. Explain the four disadvantages of using a group to make decisions.



Scenario A. The senior management of Alpha Omega Moving Company has contacted you to assist them with their planning process. Their chief complaint is that they (the senior managers) spend too much time on detail-oriented planning matters. When asked about the kinds of plans they work on, they provide you with the following list:

1. How many new employees to hire for the cafeteria this month.
2. Whether or not to expand their company into a new region in the next 10 years.
3. How to increase visibility of their marketing campaign.
4. How to schedule the largest-capacity trucks in the business for next week.

136. Which of the previous issues are related to strategic planning?

- A. All four of the items in Scenario A
- B. Items 2 and 3 only
- C. Items 1 and 4 only
- D. Item 3 only
- E. Item 2 only

137. Which of the previous issues are related to tactical planning?

- A. All four of the items in Scenario A
- B. Items 2 and 3 only
- C. Items 1 and 4 only
- D. Item 3 only
- E. Item 2 only

138. Which of the previous issues are related to operational planning?

- A. All four of the items in Scenario A
- B. Items 2 and 3 only
- C. Items 1 and 4 only
- D. Item 3 only
- E. Item 2 only

Scenario B. The Chem-Free Natural Pharmaceutical Company has completed a SWOT analysis as part of their ongoing strategic planning process. They have formulated the following information:

1. New regulations have been passed limiting their ability to sell certain formulations over the counter.
2. As compared to their competitors, their management team is by far the best in the industry.
3. They have fallen behind in research and development in the last few years.
4. More people are becoming interested in natural alternatives to traditional chemical pharmaceuticals; this trend is expected to continue over the next decade.
5. The company has adequate financial resources to invest in their operations.

139. Which of the above would be (a) strength(s) for Chem-Free?

- A. 2 only
- B. 1 and 5
- C. 2 and 5
- D. 4 only
- E. 5 only

140. Which of the above would be (a) weakness(es) for Chem-Free?

- A. 1 only
- B. 1 and 3
- C. 1 and 4
- D. 3 only
- E. 4 only

141. Which of the above would be (an) opportunity(ies) for Chem-Free?

- A. 1, 4 and 5
- B. 1 and 5
- C. 5 only
- D. 4 and 5
- E. 4 only

142. Which of the above would be (a) threat(s) for Chem-Free?

- A. 1 and 5
- B. 1 only
- C. 2 and 5
- D. 3 only
- E. 1 and 3

Scenario C. Suppose a global cosmetics company called Lumpy & Clumpy is considering its corporate strategy. Several people on their Board of Directors believe they have the "perfect" strategy for the company. Joe believes that the best option is for Lumpy & Clumpy to stay on their current track of offering only cosmetics to customers who like the "look" of the products they currently offer. Maita wants the company to expand by purchasing the manufacturing plants that produce the Lumpy & Clumpy products. Another director, Carson, wants to build the company by adding related products like skin care and perfume to be sold alongside their current products. Finally, the original owner of the company, Rhys, wants to grow the company by doing something completely new like building restaurants or perhaps starting an entertainment park.

143. Maita is advocating which corporate strategy?

- A. Concentration
- B. Vertical integration
- C. Concentric diversification
- D. Conglomerate diversification
- E. Low-cost

144. Carson is advocating which corporate strategy?

- A. Concentration
- B. Vertical integration
- C. Concentric diversification
- D. Conglomerate diversification
- E. Low-cost

145. Rhys is advocating which corporate strategy?

- A. Concentration
- B. Vertical integration
- C. Concentric diversification
- D. Conglomerate diversification
- E. Low-cost

Scenario D. Healthy Day Regional Medical Center's management team has several decisions to make. They are attempting to sort out what to do first. The decisions are as follows:

1. Determine which patients to be admitted for the next day.
2. Decide whether or not to purchase the only other medical center in their region.
3. Decide which candidates will meet the requirements for the nursing training program.
4. Determine whether the medical center should diversify into more advanced (and substantially more costly) technologies.

146. Decision 4 is an example of which type of decision?

- A. Programmed
- B. Nonprogrammed
- C. Trivial
- D. Certain
- E. Risk-free

147. Decisions 1 and 3 are both \_\_\_\_\_ decisions because \_\_\_\_\_.

- A. programmed decisions; they are novel and complex
- B. nonprogrammed decisions; they are novel and complex
- C. programmed decisions; they can be solved using rules and procedures
- D. nonprogrammed decisions; they can be solved using rules and procedures
- E. nonprogrammed decisions; there is much certainty regarding cause-and-effect relationships

148. If the decision makers for Decision 3 take the first candidate they see that meets the minimum requirements, without going through every candidate's file to see if anyone else is better, they are
- A. maximizing.
  - B. satisficing.
  - C. optimizing.
  - D. experiencing internal conflict.
  - E. experiencing external conflict.

## Ch04 Key

1. The basic planning cycle goes in one dimension - into the future.  
(p. 74) **FALSE**

Planning moves in a cycle. The outcomes of plans are evaluated and, if necessary, revised.

AACSB: Analytic  
Bateman - Chapter 04 #1  
Blooms: Comprehension  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

2. Situational analysis, as part of the formal planning process, focuses on internal forces at work within the organization and examines influences from the external environment.  
(p. 74) **TRUE**

The analysis focuses on the internal forces at work in the organization or work unit and, consistent with the open-systems approach (see Chapter 2), examines influences from the external environment.

AACSB: Analytic  
Bateman - Chapter 04 #2  
Blooms: Comprehension  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

3. Goals should be linked to a time frame and should be measurable.  
(p. 75) **TRUE**

To be effective, goals should have certain qualities, two of which are measureable and time-bound.

AACSB: Analytic  
Bateman - Chapter 04 #3  
Blooms: Comprehension  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

4. Standing plans are designed to achieve a set of goals that are not likely to be repeated in the future.  
(p. 75) **FALSE**

AACSB: Analytic  
Bateman - Chapter 04 #4  
Blooms: Knowledge  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Easy  
Topic: The Planning Process

5. When doing scenario planning, a different contingency plan is attached to each scenario.  
(p. 76) **TRUE**

In some organizations, the alternative generation, evaluation, and selection steps generate planning scenarios. A different contingency plan is attached to each scenario.

AACSB: Analytic  
Bateman - Chapter 04 #5  
Blooms: Comprehension  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

6. The final step in the formal planning process, monitor and control is often overemphasized.  
(p. 77) **FALSE**

Although it is sometimes ignored, the sixth step in the formal planning process—monitoring and controlling—is essential. Without it, you would never know whether your plan is succeeding.

AACSB: Analytic  
Bateman - Chapter 04 #6  
Blooms: Comprehension  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

7. Making decisions about the organization's short-term goals and tactics is called strategic planning.  
(p. 77) **FALSE**

AACSB: Analytic  
Bateman - Chapter 04 #7  
Blooms: Knowledge  
Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Easy  
Topic: Levels of Planning

8. An organization's strategic and tactical plans are typically based upon the current operational plans.  
(p. 78) **FALSE**

The organization's strategic goals and plans serve as the foundation for planning by middle-level and frontline managers. Figure 4.2 shows that as goals and plans move from the strategic level to the tactical level and then to the operational level, they become more specific and involve shorter time periods.

AACSB: Analytic  
Bateman - Chapter 04 #8  
Blooms: Comprehension  
Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Levels of Planning

9. Traditionally, strategic planning has emphasized a bottom-up approach.  
(p. 78) **FALSE**

The formal planning model is hierarchical, with top-level strategies flowing down through the levels of the organization into more specific goals and plans and an ever-more-limited timetable.

AACSB: Analytic  
Bateman - Chapter 04 #9  
Blooms: Comprehension  
Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Levels of Planning

10. Strategic management involves managers from all parts of the organization in the formulations and implementation of strategic goals and strategies.  
(p. 78) **TRUE**

Managers throughout an organization may be involved in developing the strategic plan and contributing critical elements. Also, in practice, lower-level managers may make decisions that shape strategy, whether or not top executives realize it.

AACSB: Analytic  
Bateman - Chapter 04 #10  
Blooms: Comprehension  
Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Levels of Planning

11. To be effective, the organization's strategic plans should focus on different and more important goals than those of its tactical and operational plans.

**FALSE**

To be fully effective, the organization's strategic, tactical, and operational goals and plans must be aligned—that is, they must be consistent, mutually supportive, and focused on achieving the common purpose and direction.

AACSB: Analytic  
Bateman - Chapter 04 #11  
Blooms: Comprehension

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Levels of Planning

12. An organization's mission statement describes the company's basic purpose.

**TRUE**

AACSB: Analytic  
Bateman - Chapter 04 #12  
Blooms: Knowledge

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

13. An organization's mission statement is long-term oriented while a strategic vision is short-term oriented.

**FALSE**

The mission describes the organization as it currently operates. The strategic vision points to the future; it provides a perspective on where the organization is headed and what it can become.

AACSB: Analytic  
Bateman - Chapter 04 #13  
Blooms: Comprehension

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

14. The mission and vision of an organization evolve from its strategic goals.

**FALSE**

Strategic goals evolve from the organization's mission and vision.

AACSB: Analytic  
Bateman - Chapter 04 #14  
Blooms: Comprehension

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

15. Stakeholders are groups and individuals who have a financial stake in the company.

**FALSE**

AACSB: Analytic  
Bateman - Chapter 04 #15  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firm's strengths and weaknesses.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

16. An environmental analysis should include buyers, suppliers, government and regulatory agencies and trade associations.

(p. 81-82)

**TRUE**

Stakeholders include buyers, suppliers, competitors, government and regulatory agencies, unions and employee groups, the financial community, owners and shareholders, and trade associations. The environmental analysis provides a map of these stakeholders and the ways they influence the organization.

AACSB: Analytic  
Bateman - Chapter 04 #16  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Medium

Topic: Strategic Planning Process

17. Cheung Beverage produces portable beverage containers of many types. A manager monitors internet blogs related to the beverage industry, and discovered a movement to boycott brands utilizing bisphenol A (BPA), a potentially hazardous substance in some plastics and one that is used by Cheung. The manager's actions were part of an environmental analysis.

(p. 81)

**TRUE**

The environmental analysis includes many elements, among them legislation and regulatory activities and their effects on the industry, political activity: the level of political activity undertaken by organizations and associations within the industry, social issues: current and potential social issues and their effects on the industry, and social interest groups: consumer, environmental, and similar activist groups that try to influence the industry.

AACSB: Analytic  
Bateman - Chapter 04 #17  
Blooms: Application

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Hard

Topic: Strategic Planning Process

18. One critical task in environmental analysis is forecasting future trends.

(p. 82)

**TRUE**

One critical task in environmental analysis is forecasting future trends.

AACSB: Analytic  
Bateman - Chapter 04 #18  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Medium

Topic: Strategic Planning Process

19. Resources are inputs to production that can be accumulated over time to enhance performance.

(p. 83)

**TRUE**

AACSB: Analytic  
Bateman - Chapter 04 #19  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Easy

Topic: Strategic Planning Process

20. Resources are a source of competitive advantage only when they are valuable, rare, difficult to imitate and organized.

(p. 83)

**TRUE**

Resources are a source of competitive advantage only under all of the following circumstances: the resources are instrumental for creating customer value—that is, they increase the benefits customers derive from a good or service relative to the costs they incur, the resources are rare and not equally available to all competitors, the resources are difficult to imitate and the resources are well organized.

AACSB: Analytic  
Bateman - Chapter 04 #20  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Medium

Topic: Strategic Planning Process

21. When a manager tries to understand "best practices" in his/her industry, he/she is practicing "bootlegging".

(p. 84)

**FALSE**

The goal of benchmarking is to thoroughly understand the "best practices" of other firms and to undertake actions to achieve better performance and lower costs.

AACSB: Analytic  
Bateman - Chapter 04 #21  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Medium

Topic: Strategic Planning Process

22. A concentration strategy involves expanding the domain of the organization into supply channels and to distributors.

(p. 84)

**FALSE**

AACSB: Analytic  
Bateman - Chapter 04 #22  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Easy

Topic: Strategic Planning Process

23. The Boston Consulting Group Matrix is used to help managers of businesses evaluate their strategic alternatives related to their portfolios.

(p. 85-86)

**TRUE**

A popular technique for analyzing a corporation's strategy for managing its portfolio is the BCG matrix, developed by the Boston Consulting Group and shown in Figure 4.4. The BCG matrix is not a substitute for management judgment, creativity, insight, or leadership. But along with other techniques, it can help managers evaluate their strategy alternatives.

AACSB: Analytic  
Bateman - Chapter 04 #23  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Medium

Topic: Strategic Planning Process

24. Businesses using a low-cost strategy attempt to be efficient and offer a standard, no-frills product.

(p. 86)

**TRUE**

AACSB: Analytic  
Bateman - Chapter 04 #24  
Blooms: Knowledge

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.

Level of Difficulty: Easy

Topic: Strategic Planning Process



25. Functional strategies are implemented at the top levels of management.

(p. 88)

**FALSE**

AACSB: Analytic  
Bateman - Chapter 04 #25

Blooms: Knowledge

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.

Level of Difficulty: Easy

Topic: Strategic Planning Process

26. A strategic control system must simultaneously pursue both efficiency and flexibility.

(p. 89)

**TRUE**

A strategic control system is designed to support managers in evaluating the organization's progress with its strategy and, when discrepancies exist, taking corrective action. The system must encourage efficient operations that are consistent with the plan while allowing flexibility to adapt to changing conditions.

AACSB: Analytic  
Bateman - Chapter 04 #26

Blooms: Comprehension

Learning Objective: 04-05 Identify the keys to effective strategy implementation.

Level of Difficulty: Medium

Topic: Strategic Planning Process

27. Managers typically face novel and unstructured problems, which is one reason decision makers are sometimes uncertain about how to proceed.

(p. 90)

**TRUE**

Lack of structure is typical of managerial decisions. Usually there is no automatic procedure to follow. Problems are novel and unstructured, leaving the decision maker uncertain about how to proceed.

AACSB: Analytic  
Bateman - Chapter 04 #27

Blooms: Comprehension

Learning Objective: 04-06 Explain how to make effective decisions as a manager.

Level of Difficulty: Medium

Topic: Managerial Decision Making

28. Monte Simmons is the manager of a small restaurant and must decide how much money he owes his suppliers. This is an example of a non-programmed decision.

(p. 90)

**TRUE**

Nonprogrammed decisions: Problem is novel, unstructured, with much uncertainty regarding cause-and-effect relationships. Decision procedure needs creativity, intuition, tolerance for ambiguity, and creative problem solving.

AACSB: Analytic  
Bateman - Chapter 04 #28

Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.

Level of Difficulty: Hard

Topic: Managerial Decision Making

29. With careful planning, uncertainty and risk can be avoided in management decisions.  
(p. 90) **FALSE**

A manager's decisions most often have the characteristics of nonprogrammed decisions. With nonprogrammed decisions, risk and uncertainty are the rule. Perfect certainty is rare. More often, managers face uncertainty, meaning they have insufficient information to know the consequences of different actions. And when you can estimate the likelihood of various consequences but still do not know with certainty what will happen, you are facing risk.

AACSB: Analytic  
Bateman - Chapter 04 #29  
Blooms: Comprehension  
Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

30. Generating alternative solutions is the first stage in decision making.  
(p. 90) **FALSE**

The decision-making process begins with identifying and diagnosing the problem (or opportunity).

AACSB: Analytic  
Bateman - Chapter 04 #30  
Blooms: Comprehension  
Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

31. Satisficing is achieving the best possible outcome.  
(p. 94) **FALSE**

AACSB: Analytic  
Bateman - Chapter 04 #31  
Blooms: Knowledge  
Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

32. Those who implement a decision must understand the choice and must be committed to it.  
(p. 94) **TRUE**

Those who implement the decision should understand the choice and why it was made. They also must be committed to its successful implementation.

AACSB: Analytic  
Bateman - Chapter 04 #32  
Blooms: Comprehension  
Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

33. Evaluation of the decision, the final stage of the decision process, is only useful if the feedback is negative.  
(p. 95) **FALSE**

Decision evaluation is useful whether the conclusion is positive or negative.

AACSB: Analytic  
Bateman - Chapter 04 #33  
Blooms: Comprehension  
Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

34. The illusion of control is a belief that one can influence events even when one has no control over what will happen.

**TRUE**

AACSB: Analytic

Bateman - Chapter 04 #34

Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.

Level of Difficulty: Easy

Topic: Managerial Decision Making

35. Discounting the future is a psychological bias that is said to partly explain students who don't study.

**TRUE**

Discounting the future, in evaluating alternatives, is weighing short-term costs and benefits more heavily than longer-term costs and benefits. This bias applies to students who don't study.

AACSB: Analytic

Bateman - Chapter 04 #35

Blooms: Comprehension

Learning Objective: 04-06 Explain how to make effective decisions as a manager.

Level of Difficulty: Medium

Topic: Managerial Decision Making

36. In decision making, it is always better to use a group than an individual.

**FALSE**

If enough time is available, groups usually make higher-quality decisions than most individuals acting alone. However, groups often are inferior to the best individual.

AACSB: Analytic

Bateman - Chapter 04 #36

Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.

Level of Difficulty: Medium

Topic: Managerial Decision Making

37. Some experts advise that in today's complex business environment, significant problems should always be tackled by groups.

**TRUE**

Some advise that in today's complex business environment, significant problems should always be tackled by groups.

AACSB: Analytic

Bateman - Chapter 04 #37

Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.

Level of Difficulty: Medium

Topic: Managerial Decision Making

38. One advantage of using a group for decision making is that disagreement is unlikely, in a phenomenon called groupthink.

**FALSE**

Pressure to avoid disagreement can lead to a phenomenon called groupthink. Pressure to go along with the group's preferred solution stifles creativity and other behaviors characteristic of vigilant decision making.

AACSB: Analytic

Bateman - Chapter 04 #38

Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.

Level of Difficulty: Medium

Topic: Managerial Decision Making

39. The job of a "devil's advocate" is to create destructive conflict.  
(p. 98) **FALSE**

The role of devil's advocate is assigned to someone who has the job of criticizing ideas within the group to increase the likelihood of constructive conflict.

AACSB: Analytic  
Bateman - Chapter 04 #39  
Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

40. In brainstorming, group members generate as many ideas about a problem as they can.  
(p. 98) **TRUE**

AACSB: Analytic  
Bateman - Chapter 04 #40  
Blooms: Knowledge

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

41. Which of the steps in the formal planning process involves studying past events, examining current conditions and forecasting future trends?

- A.** Situational analysis  
B. Alternative goals and plans  
C. Goal and plan evaluation  
D. Goal and plan selection  
E. Monitor and control

Planning begins with a situational analysis. Within their time and resource constraints, planners should gather, interpret, and summarize all information relevant to the planning issue in question. They study past events, examine current conditions, and try to forecast future trends.

AACSB: Analytic  
Bateman - Chapter 04 #41  
Blooms: Comprehension

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

42. The outcome of situational analysis is  
(p. 74) A. the identification of alternative plans of action.  
B. the identification of contingency plans to be followed under various scenarios.  
**C.** the identification of planning assumptions, issues and problems.  
D. the identification of the consequences of those alternatives under consideration.  
E. None of the above

The outcome of situational analysis is the identification and diagnosis of planning assumptions, issues, and problems.

AACSB: Analytic  
Bateman - Chapter 04 #42  
Blooms: Comprehension

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

43. The targets or ends the manager wants to reach are called  
(p. 75) **A.** goals.  
B. plans.  
C. mission statement.  
D. vision.  
E. None of the above

AACSB: Analytic  
Bateman - Chapter 04 #43  
Blooms: Knowledge  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Easy  
Topic: The Planning Process

44. Plans are  
(p. 75) **A.** actions taken to achieve goals.  
B. targets a manager wants to reach.  
C. specific to differing industries.  
D. inappropriate when resources are scarce.  
E. All of the above.

AACSB: Analytic  
Bateman - Chapter 04 #44  
Blooms: Knowledge  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Easy  
Topic: The Planning Process

45. A plan which focuses on ongoing activities and may become a more permanent policy or rule is called  
(p. 75) a  
**A.** standing plan.  
B. single-use plan.  
C. time-bound plan.  
D. contingency plan.  
E. visionary plan.

AACSB: Analytic  
Bateman - Chapter 04 #45  
Blooms: Knowledge  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Easy  
Topic: The Planning Process

46. A plan to integrate employees into a new system of payroll is an example of a \_\_\_\_\_ plan.  
(Assume that this will not need to be done again in the foreseeable future.)  
(p. 75) A. standing  
**B.** single-use  
C. implementation  
D. on-site  
E. None of the above

Single-use plans are designed to achieve a set of goals that are not likely to be repeated in the future.

AACSB: Analytic  
Bateman - Chapter 04 #46  
Blooms: Application  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Hard  
Topic: The Planning Process

47. (p. 75) A policy developed for the yearly graduation ceremony at Easy Town High School can be described as a(n)
- A.** standing plan.
  - B. single-use plan.
  - C. contingency plan.
  - D. "what-if" plan.
  - E. unprofessional plan.

Standing plans focus on ongoing activities designed to achieve an enduring set of goals. Many companies have standing plans for recruiting minority-group members and women. Standing plans may become more permanent policies and rules for running the organization.

AACSB: Analytic  
Bateman - Chapter 04 #47  
Blooms: Application

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Hard  
Topic: The Planning Process

48. (p. 75) If expansion to Australia does not materialize, Widget, Inc.'s backup plan is to expand to Asia. This backup plan is an example of a
- A. strategic plan.
  - B. single-use plan.
  - C.** contingency plan.
  - D. standing plan.
  - E. trial-and-error plan.

Contingency plans specify actions to take when a company's initial plans have not worked well or events in the external environment require a sudden change.

AACSB: Analytic  
Bateman - Chapter 04 #48  
Blooms: Application

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Hard  
Topic: The Planning Process

49. (p. 76) BR Associates often uses management groups to consider the advantages, disadvantages and potential effects of goals and plans. BR Associates is involved in which basic planning stage?
- A.** Goal and plan evaluation
  - B. Goal and selection
  - C. Implementation
  - D. Monitor and control
  - E. Alternate goals and plans

Contingency plans specify actions to take when a company's initial plans have not worked well or events in the external environment require a sudden change.

AACSB: Analytic  
Bateman - Chapter 04 #49  
Blooms: Comprehension

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

50. The \_\_\_\_\_ step should identify the priorities and trade-offs among goals and plans, including costs and likely investment return.

(p. 76)

- A.** goal and plan evaluation
- B. goal and plan selection
- C. implementation
- D. monitor and control
- E. alternate goals and plans

The evaluation process identifies the priorities and trade-offs among the goals. Managers must prioritize the goals and even eliminate some of them. Also, they consider how well alternative plans meet high-priority goals, considering the cost of each initiative and the likely investment return.

AACSB: Analytic  
Bateman - Chapter 04 #50  
Blooms: Comprehension

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

51. Implementation of selected goals and plans will be most successful when

(p. 76)

- A. only managers participate in the planning process.
- B. limited resources are provided for implementation.
- C.** the goals and plans are linked to other organizational systems like budgets and rewards.
- D. the employees remain skeptical of the plan.
- E. All of the above

Proper implementation is key to achieving goals. Managers and employees must understand the plan, have the resources to implement it, and be motivated to do so. Including employees in the previous steps of the planning process paves the way for the implementation phase. Employees usually are better informed, more committed, and more highly motivated when a goal or plan is one that they helped develop. Finally, linking the plan to other systems in the organization, particularly the budget and reward systems, helps ensure its successful implementation.

AACSB: Analytic  
Bateman - Chapter 04 #51  
Blooms: Comprehension

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

52. When a goal and accompanying plans are selected, the other plans that were previously under consideration may be

(p. 76)

- A. discarded.
- B. pursued simultaneously.
- C.** used as contingency plans for various scenarios that may develop.
- D. developed thoroughly for feasibility studies of failed scenarios.
- E. None of the above

The manager pursues the goals and implements the plans associated with the most likely scenario. However, the manager should also be prepared to switch to another set of plans if the situation changes and another scenario becomes relevant.

AACSB: Analytic  
Bateman - Chapter 04 #52  
Blooms: Comprehension

Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

53. Which step in the formal planning process is sometimes ignored?  
(p. 77)
- A. Goal and plan evaluation
  - B. Situational analysis
  - C. Monitor and control**
  - D. Implementation
  - E. Alternative goals and plans

Although it is sometimes ignored, the sixth step in the formal planning process—monitoring and controlling—is essential. Without it, you would never know whether your plan is succeeding.

AACSB: Analytic  
Bateman - Chapter 04 #53  
Blooms: Comprehension  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

54. Implementation cannot be assured unless managers develop \_\_\_\_\_ which allow them to take corrective action when necessary.  
(p. 77)
- A. sanctions for improper performance
  - B. systems that measure performance**
  - C. a "control leader"
  - D. contingency plans for various scenarios
  - E. strategic planning motives

Managers need to develop control systems to measure that performance and allow them to take corrective action when plans are implemented improperly or the situation changes.

AACSB: Analytic  
Bateman - Chapter 04 #54  
Blooms: Comprehension  
Learning Objective: 04-01 Summarize the basic steps in any planning process.  
Level of Difficulty: Medium  
Topic: The Planning Process

55. The three levels of planning are  
(p. 78)
- A. strategic, business and operational.
  - B. strategic, synergistic and operational.
  - C. strategic, tactical and operational.**
  - D. visionary, strategy and operational.
  - E. None of the above

AACSB: Analytic  
Bateman - Chapter 04 #55  
Blooms: Knowledge  
Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Easy  
Topic: Levels of Planning

56. A set of procedures for making decisions about the organization's long-term goals and strategies is called  
(p. 78)
- A. a mission statement.
  - B. a vision statement.
  - C. strategic planning.**
  - D. tactical planning.
  - E. operational planning.

AACSB: Analytic  
Bateman - Chapter 04 #56  
Blooms: Knowledge  
Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Easy  
Topic: Levels of Planning



57. Strategic goals typically involve  
(p. 77) A. production scheduling, training of personnel, accounting procedures, and updating equipment used.  
**B.** profit levels, market share, growth, return on investment, and societal contributions.  
C. advertising expenditures, sales levels, product use innovations, and customer feedback levels.  
D. absenteeism levels, benefit usage and value, human resource utilization, and compliance with civil rights laws.  
E. All of the above are typical strategic goals.

Typical strategic goals include growing, increasing market share, improving profitability, boosting return on investment, fostering quantity and quality of outputs, increasing productivity, improving customer service, and contributing to society.

AACSB: Analytic  
Bateman - Chapter 04 #57  
Blooms: Comprehension  
Level of Difficulty: Medium  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

58. A pattern of actions and use of resources which is developed with the intention to achieve the goals of  
(p. 77-78) an organization is referred to as  
A. strategic goals.  
B. tactical plans.  
**C.** a strategy.  
D. strategic operationalizing.  
E. mission development.

AACSB: Analytic  
Bateman - Chapter 04 #58  
Blooms: Knowledge  
Level of Difficulty: Easy  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

59. Strategic goals are major targets or end results that relate to the long-term survival, value, and growth  
(p. 77) of the organization.  
**A.** major targets that relate to the organization in the long-term.  
B. focused specific to a functional area in the organization.  
C. driven by operational plans.  
D. focus on the major actions a unit must take.  
E. procedures and processes to get work done.

AACSB: Analytic  
Bateman - Chapter 04 #59  
Blooms: Knowledge  
Level of Difficulty: Easy  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

60. The level of planning involving the longest time frame is  
(p. 78) A. operational planning.  
B. missionary planning.  
C. tactical planning.  
D. departmental planning.  
**E.** strategic planning.

Figure 4.2 shows that as goals and plans move from the strategic level to the tactical level and then to the operational level, they become more specific and involve shorter time periods. A strategic plan typically has a time horizon of three to seven years, but sometimes it spans decades.

AACSB: Analytic  
Bateman - Chapter 04 #60  
Blooms: Comprehension  
Level of Difficulty: Medium  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

61. Who is responsible for strategic planning?  
(p. 77)
- A. The chief executive officer only
  - B. Middle management
  - C. First-line supervisors
  - D. Tactical managers
  - E. Senior executives**

Senior executives are responsible for the development and execution of the strategic plan, although they usually do not formulate or implement the entire plan personally.

AACSB: Analytic  
Bateman - Chapter 04 #61  
Blooms: Comprehension  
Level of Difficulty: Medium  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

62. The process of translating broad strategic goals and plans into specific goals and plans relevant to a particular portion of the organization is known as  
(p. 78)
- A. strategic planning.
  - B. operational planning.
  - C. tactical planning.**
  - D. contingency planning.
  - E. synergy.

AACSB: Analytic  
Bateman - Chapter 04 #62  
Blooms: Knowledge  
Level of Difficulty: Easy  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

63. The process of identifying the specific procedures and processes required at lower levels of the organization is called  
(p. 78)
- A. strategic planning.
  - B. operational planning.**
  - C. tactical planning.
  - D. contingency planning.
  - E. synergy.

AACSB: Analytic  
Bateman - Chapter 04 #63  
Blooms: Knowledge  
Level of Difficulty: Easy  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

64. Which characteristic is most desirable for an organization's strategic, operational and tactical goals?  
(p. 79)
- A. Aligned**
  - B. Independent
  - C. Mutually exclusive
  - D. Focused on the long term
  - E. Focused on the short term

To be fully effective, the organization's strategic, tactical, and operational goals and plans must be aligned—that is, they must be consistent, mutually supportive, and focused on achieving the common purpose and direction.

AACSB: Analytic  
Bateman - Chapter 04 #64  
Blooms: Comprehension  
Level of Difficulty: Medium  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

65. The level of planning that focuses on routine tasks and a relatively limited time frame is  
(p. 78) **A.** operational planning.  
B. missionary planning.  
C. tactical planning.  
D. departmental planning.  
E. strategic planning.

Operational plans may cover just several months, and usually focus on routine tasks such as production runs, delivery schedules, and human resource requirements.

AACSB: Analytic  
Bateman - Chapter 04 #65  
Blooms: Comprehension

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Levels of Planning

66. Traditionally, strategic planning has emphasized a \_\_\_\_\_ approach.  
(p. 78) A. trial-and-error  
**B.** hierarchical  
C. bottom-up  
D. consultative  
E. none of above

The formal planning model is hierarchical, with top-level strategies flowing down through the levels of the organization into more specific goals and plans and an ever-more-limited timetable.

AACSB: Analytic  
Bateman - Chapter 04 #66  
Blooms: Comprehension

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Medium  
Topic: Levels of Planning

67. A process that involves managers from all parts of the organization in the formulation and  
(p. 79) implementation of strategic goals and strategies is called  
A. management.  
**B.** strategic management.  
C. environmental analysis.  
D. operational planning.  
E. strategic planning.

AACSB: Analytic  
Bateman - Chapter 04 #67  
Blooms: Knowledge

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

68. A business's basic statement of purpose is its  
(p. 79) A. vision.  
**B.** mission.  
C. strategy.  
D. policy.  
E. objective.

AACSB: Analytic  
Bateman - Chapter 04 #68  
Blooms: Knowledge

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

69. "To be the world's best quick-service restaurant experience" is an example of a(n)  
(p. 79) A. values statement.  
**B.** mission statement.  
C. tactical goal.  
D. operational goal.  
E. idea.

The mission is a clear and concise expression of the organization's basic purpose.

AACSB: Analytic  
Bateman - Chapter 04 #69  
Blooms: Application

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Hard

Topic: Strategic Planning Process

70. The long-term direction and strategic intent of a company refers to its  
(p. 81) A. strategic purpose.  
B. strategic mission.  
**C.** strategic vision.  
D. strategic goals.  
E. strategic objectives.

AACSB: Analytic  
Bateman - Chapter 04 #70  
Blooms: Knowledge

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.  
Level of Difficulty: Easy

Topic: Strategic Planning Process

71. Stakeholders are  
(p. 81) A. those who are affected by an organization.  
B. those who might affect an organization.  
C. those who own an organization.  
D. those who work in an organization.  
**E.** All of the above

AACSB: Analytic  
Bateman - Chapter 04 #71  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Easy

Topic: Strategic Planning Process

72. The internal analysis component of the strategic management process assesses  
(p. 81-82) **A.** the organization's financial performance.  
B. the organization's competitors.  
C. the organization's industry growth rate.  
D. the organization's product substitutions in the market.  
E. technology factors affecting the organization's industry.

The internal resource analysis has several components, including financial analysis which examines financial strengths and weaknesses.

AACSB: Analytic  
Bateman - Chapter 04 #72  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Medium

Topic: Strategic Planning Process

73. Inputs to a system that can enhance performance are called  
(p. 83)
- A. strategies.
  - B. plans.
  - C.** resources.
  - D. benchmarks.
  - E. risks.

AACSB: Analytic  
Bateman - Chapter 04 #73  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

74. Tangible assets include  
(p. 83)
- A. patents.
  - B.** real estate.
  - C. company reputation.
  - D. technical knowledge.
  - E. organization culture.

Tangible assets include real estate, production facilities, and raw materials. Intangible assets include company reputation, culture, technical knowledge, and patents, as well as accumulated learning and experience.

AACSB: Analytic  
Bateman - Chapter 04 #74  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

75. Resources are a source of competitive advantage when they are  
(p. 83)
- A. historical.
  - B.** difficult to imitate.
  - C. equally available to all competitors.
  - D. commonplace.
  - E. expensive.

Resources are a source of competitive advantage only when meeting all required criteria, one of which is being difficult to imitate.

AACSB: Analytic  
Bateman - Chapter 04 #75  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

76. The process of assessing how well one company's basic functions and skills compare to those of some other company is called  
(p. 84)
- A.** benchmarking.
  - B. comparative analysis.
  - C. strategic planning.
  - D. operational planning.
  - E. None of the above

AACSB: Analytic  
Bateman - Chapter 04 #76  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

77. (p. 84) Rock Bottom Pizza, a chain of full-service pizzerias, periodically compares its quality and service levels to other restaurants in order to continually improve their own performance. This practice is known as
- A. anti-trust promotion.
  - B. investigative competition.
  - C. benchmarking.**
  - D. trade studying.
  - E. corporate spying.

Benchmarking is the process of assessing how well one company's basic functions and skills compare with those of another company or set of companies. The goal of benchmarking is to thoroughly understand the "best practices" of other firms and to undertake actions to achieve better performance and lower costs.

AACSB: Analytic  
Bateman - Chapter 04 #77

Blooms: Application

Level of Difficulty: Hard

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

78. (p. 84) SWOT analysis includes
- A. opportunities.**
  - B. worst-case scenarios.
  - C. situations.
  - D. time.
  - E. obstacles.

AACSB: Analytic  
Bateman - Chapter 04 #78

Blooms: Knowledge

Level of Difficulty: Easy

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

79. (p. 83) Federal Express has a(n) \_\_\_\_\_ in logistics and customer service, since these are activities it does especially well relative to its competitors.
- A. skill set
  - B. corporate culture
  - C. intangible asset
  - D. resource
  - E. core competence**

A core competence is something a company does especially well relative to its competitors. Federal Express has a core competence in logistics and customer service.

AACSB: Analytic  
Bateman - Chapter 04 #79

Blooms: Comprehension

Level of Difficulty: Medium

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

80. (p. 84) A technique for summarizing important facts from the organization's internal and external analyses in order to formulate strategy is called a
- A. BCG matrix.
  - B. SWOT analysis.**
  - C. benchmarking.
  - D. diversification.
  - E. functional strategy.

A SWOT analysis is an assessment of the organization's strengths, weaknesses, opportunities, and threats. SWOT analysis helps managers summarize the relevant, important facts from their external and internal analyses.

AACSB: Analytic  
Bateman - Chapter 04 #80  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

81. (p. 84) Identification of the industry (or industries) in which an organization is to compete is referred to as \_\_\_\_\_ strategy.
- A. business
  - B. industry
  - C. portfolio
  - D. functional
  - E. corporate**

AACSB: Analytic  
Bateman - Chapter 04 #81  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

82. (p. 85) The acquisition or development of new businesses that produce parts or components of the organization's product, generally to eliminate uncertainties and reduce costs associated with suppliers or distributors. is a corporate strategy called
- A. concentration.
  - B. vertical integration.**
  - C. concentric diversification.
  - D. conglomerate diversification.
  - E. corporate investiture.

AACSB: Analytic  
Bateman - Chapter 04 #82  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

83. In order to reduce production costs, Everlasting Tire decided to buy out a rubber plant and begin manufacturing their own rubber for their tires. This strategy is an example of
- A. concentration.
  - B. vertical integration.**
  - C. concentric diversification.
  - D. conglomerate diversification.
  - E. differentiation.

Vertical integration is a corporate strategy to expand the organization's domain into supply channels or to distributors, generally to eliminate uncertainties and reduce costs associated with suppliers or distributors.

AACSB: Analytic  
Bateman - Chapter 04 #83  
Blooms: Application

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Hard  
Topic: Strategic Planning Process

84. A strategy used to add new businesses that produce related products or are involved in related markets and activities is called
- A. concentration.
  - B. vertical integration.
  - C. concentric diversification.**
  - D. conglomerate diversification.
  - E. corporate investiture.

AACSB: Analytic  
Bateman - Chapter 04 #84  
Blooms: Knowledge

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

85. Although Party Beverage Company had focused only on alcohol products for the past two decades, the company is now considering entering the soft drink arena as well. Such a strategy would illustrate
- A. vertical integration.
  - B. concentric diversification.**
  - C. conglomerate diversification.
  - D. concentration.
  - E. differentiation.

Concentric diversification is a corporate strategy to move into new businesses related to the company's original core business.

AACSB: Analytic  
Bateman - Chapter 04 #85  
Blooms: Application

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Hard  
Topic: Strategic Planning Process



86. (p. 85) GR Real Estate, Inc. recently decided to expand from its original base in real estate to several wide-ranging industries such as trucking, lawn mower manufacturing and catering. This strategy is an illustration of
- A. vertical integration.
  - B. concentric diversification.
  - C.** conglomerate diversification.
  - D. concentration.
  - E. differentiation.

Conglomerate diversification is a corporate strategy to expand into unrelated businesses, typically to minimize risks due to market fluctuations in one industry.

AACSB: Analytic  
Bateman - Chapter 04 #86  
Blooms: Application

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Hard  
Topic: Strategic Planning Process

87. (p. 85) In the Boston Consulting Group Matrix, each business in the portfolio is plotted on the basis of
- A. the profits they return to the Boston Consulting Group.
  - B.** the business' growth rate and relative strength in the market.
  - C. the business' financial success and strength of reputation in the market.
  - D. long-term corporate planning.
  - E. previous resource allocation.

As shown in Figure 4.4, each business in the corporation is plotted on the matrix on the basis of the growth rate of its market and the relative strength of its competitive position in that market (market share).

AACSB: Analytic  
Bateman - Chapter 04 #87  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

88. (p. 85) The O'Brien Corporation is evaluating the purchase of a small firm which manufactures Doodads. Doodads are expected to revolutionize the home construction industry. The firm which may be purchased has only a minor share of this growing market, but the market is expected to grow rapidly. What would this firm be considered, according to the Boston Consulting Group Matrix?
- A. A cash cow
  - B. A star
  - C. A satellite
  - D.** A question mark
  - E. A dog

Question marks are high-growth, weak-competitive position businesses require substantial investment to improve their position, or else they should be divested.

AACSB: Analytic  
Bateman - Chapter 04 #88  
Blooms: Application

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Hard  
Topic: Strategic Planning Process

89. A "star" on the Boston Consulting Group Matrix represents a company  
(p. 85-86) **A.** with strong market share in a high growth industry.  
B. with weak market share in a high growth industry.  
C. with strong market share in a low growth industry.  
D. with weak market share in a low growth industry.  
E. that would be divested as soon as possible.

Stars are businesses with high growth and a strong competitive position require heavy investment, but their strong position lets them generate the needed revenues.

AACSB: Analytic  
Bateman - Chapter 04 #89  
Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

90. The major actions by which a business competes in a particular industry or market is called  
(p. 86) **A.** corporate strategy.  
**B.** business strategy.  
C. functional strategy.  
D. BCG matrix plan.  
E. situation analysis.

AACSB: Analytic  
Bateman - Chapter 04 #90  
Blooms: Knowledge

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

91. Southwest Airlines and Wal-Mart use which business strategy?  
(p. 86) **A.** Low-cost  
B. Differentiation  
C. Dog  
D. Question mark  
E. Benchmarking

Businesses using a low-cost strategy try to be efficient and offer a standard, no-frills product.

AACSB: Analytic  
Bateman - Chapter 04 #91  
Blooms: Comprehension

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

92. When a company tries to be unique in its industry or market segment along dimensions that customers value, it is using \_\_\_\_\_ strategy.  
(p. 86) **A.** differentiation  
B. diversification  
C. dimensional issue  
D. demand/supply  
E. dimensional studies

AACSB: Analytic  
Bateman - Chapter 04 #92  
Blooms: Knowledge

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

93. The most effective strategy is  
(p. 88)
- A. one that most firms in the industry are following.
  - B. to always diversify.
  - C.** one that competitors are unwilling or unable to imitate.
  - D. to be the "first mover", regardless of other factors.
  - E. to be a follower.

Whatever strategy managers adopt, the most effective strategy is one that competitors are unwilling or unable to imitate. If the organization's strategic plan is one that could easily be adopted by industry competitors, it may not be sufficiently distinctive or, in the long run, contribute significantly to the organization's competitiveness.

AACSB: Analytic  
Bateman - Chapter 04 #93  
Blooms: Comprehension

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

94. Functional strategies refer to  
(p. 88)
- A.** those utilized by specific functional areas of a business to support the business strategy chosen by that business.
  - B. those utilized by top management in developing the corporate structure and resource allocation.
  - C. those strategies voted on by the Board of Directors.
  - D. those strategies that function as corporate benchmarks for evaluating corporate performance.
  - E. those strategies that have been shown to be successful.

AACSB: Analytic  
Bateman - Chapter 04 #94  
Blooms: Knowledge

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.  
Level of Difficulty: Easy  
Topic: Strategic Planning Process

95. Articulating in simple language what a particular business must do to create or sustain a competitive  
(p. 88) advantage, which is the first step in strategy implementation, is known as
- A.** assessing organizational capabilities.
  - B. developing an implementation agenda.
  - C. defining strategic tasks.
  - D. creating an implementation plan.
  - E. developing a mission statement.

In general, strategy implementation involves four related steps, the first of which is defining strategic tasks. This involves articulating in simple language what a particular business must do to create or sustain a competitive advantage, to help employees understand how they contribute to the organization.

AACSB: Analytic  
Bateman - Chapter 04 #95  
Blooms: Comprehension

Learning Objective: 04-05 Identify the keys to effective strategy implementation.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

96. The final component of the strategic management process, a system to support managers in evaluating the organization's progress, is strategic  
(p. 89)
- A. implementation.
  - B. visioning.
  - C. formulation.
  - D.** control.
  - E. cultural balancing.

The final component of the strategic management process is strategic control. A strategic control system is designed to support managers in evaluating the organization's progress with its strategy and, when discrepancies exist, taking corrective action.

AACSB: Analytic  
Bateman - Chapter 04 #96  
Blooms: Comprehension

Learning Objective: 04-05 Identify the keys to effective strategy implementation.  
Level of Difficulty: Medium  
Topic: Strategic Planning Process

97. Decisions encountered and made where the problem is frequent, repetitive, routine, with much  
(p. 90) certainty regarding cause-and-effect relationships, and the decision procedure depends on policies, rules, definite procedures are
- A. qualitative decisions.
  - B.** programmed decisions.
  - C. non-economic decisions.
  - D. policy options.
  - E. nonprogrammed decisions.

AACSB: Analytic  
Bateman - Chapter 04 #97  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

98. Managers of Shadow Blinds are contemplating whether to open the company's first international  
(p. 90) branch in Europe or Asia. These managers are facing a \_\_\_\_\_ decision.
- A. routine
  - B. programmed
  - C. well structured
  - D.** nonprogrammed
  - E. satisficing

Nonprogrammed decisions involve problems that are novel, unstructured, and have much uncertainty regarding cause-and-effect relationships.

AACSB: Analytic  
Bateman - Chapter 04 #98  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

99. The state that exists when the probability of success is less than 100 percent is  
(p. 90)
- A. certainty.
  - B. uncertainty.
  - C.** risk.
  - D. standard deviation.
  - E. programmable decisions.

AACSB: Analytic  
Bateman - Chapter 04 #99  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

100. The state that exists when decision makers have insufficient information is  
(p. 90)
- A. certainty.
  - B. uncertainty.
  - C.** risk.
  - D. probability.
  - E. indecision.

AACSB: Analytic  
Bateman - Chapter 04 #100  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

101. The initial step in the decision making process is to  
(p. 90)
- A. select an alternative.
  - B. evaluate the decision.
  - C. implement the decision.
  - D. generate alternatives.
  - E.** identify the problem.

AACSB: Analytic  
Bateman - Chapter 04 #101  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

102. The manager of the Gallery Restaurant noted that the restaurant had experienced a decreased number of evening customers. The manager promptly ordered the chef to rewrite the evening menu. Customer feedback later indicated that the problem had not been the menu but poor service from the wait staff. The manager's decision to have the menu revised suggests that she failed to  
(p. 91)
- A. identify the problem.
  - B. evaluate the alternatives and consequences.
  - C.** properly diagnose the cause of the problem.
  - D. evaluate the decision and its consequences.
  - E. identify a solution.

Recognizing that a problem or opportunity exists must be followed by a decision maker digging in deeper and attempting to diagnose the true cause of the situation. Asking why, of oneself and others, is essential.

AACSB: Analytic  
Bateman - Chapter 04 #102  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

103. Once a problem is identified and properly diagnosed, the next stage in the decision making process involves  
(p. 91)
- A. evaluating alternatives.
  - B. evaluating consequences.
  - C. evaluating information.
  - D. evaluating the decision.
  - E.** generating alternative solutions.

AACSB: Analytic  
Bateman - Chapter 04 #103  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

104. Anita is considering a new customer relationship management software solution for her business. She (p. 91-92) knows several business owners and managers who have made this type of change, so she calls upon them for their opinions and advice on what they have tried. Anita is most likely searching for a
- A. a designer-enhancement.
  - B. dynamic solution.
  - C. ready-made solution.**
  - D. future-generated enhancement.
  - E. custom-made solution.

Decision makers who search for ready-made solutions use ideas they have tried before or follow the advice of others who have faced similar problems.

AACSB: Analytic  
Bateman - Chapter 04 #104  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

105. When a solution is specifically designed for a particular problem or set of problems, often combining (p. 91) ideas in a new and creative way, it is called
- A. a designer-enhancement.
  - B. dynamic.
  - C. ready-made.
  - D. future-generated.
  - E. custom-made.**

AACSB: Analytic  
Bateman - Chapter 04 #105  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

106. \_\_\_\_\_ requires searching thoroughly for a complete range of alternatives, carefully assessing (p. 94) each alternative, comparing one to another and then choosing or creating the very best.
- A. Benchmarking
  - B. Maximizing**
  - C. Minimizing
  - D. Satisficing
  - E. Optimizing

Maximizing results is the greatest benefit at the lowest cost, with the largest expected total return. Maximizing requires searching thoroughly for a complete range of alternatives, carefully assessing each alternative, comparing one to another, and then choosing or creating the very best.

AACSB: Analytic  
Bateman - Chapter 04 #106  
Blooms: Comprehension

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

107. Pat, the manager of a mental health facility, has a large number of decisions to be made because several of her assistants are on vacation. One of the decisions she has to make today is which paper clips to purchase for the clinic. She looks at the office supply catalog and picks the first one she sees that is priced acceptably. Pat is
- A. minimizing.
  - B. optimizing.
  - C. satisficing.**
  - D. incompetent as a manager.
  - E. putting off the decision.

Satisficing is choosing the first option that is minimally acceptable or adequate; the choice appears to meet a targeted goal or criterion.

AACSB: Analytic  
Bateman - Chapter 04 #107  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

108. Managers who optimize their decisions will attempt to choose
- A. the first minimally acceptable alternative.
  - B. among those alternatives with known results.
  - C. the least expensive alternative.
  - D. that alternative that produces the least conflict.
  - E. an alternative that achieves the best possible balance among several goals.**

AACSB: Analytic  
Bateman - Chapter 04 #108  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

109. The final stage in the decision-making process is
- A. anticipating the results.
  - B. diagnosing the problem.
  - C. evaluating alternatives.
  - D. criteria analysis.
  - E. evaluating the decision.**

AACSB: Analytic  
Bateman - Chapter 04 #109  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

110. Negative feedback received during the final evaluation of the decision indicates
- A. the decision was a bad one.
  - B. implementation will require more time, resources, effort or thought.
  - C. the manager may have to begin the decision process all over again.
  - D. more information and new suggestions should be acquired.
  - E. any of the above may be possible.**

Negative feedback means implementation will require more time, resources, effort, or thought, or that the decision was a bad one. If the decision appears inappropriate, the decision-making process begins anew, preferably with more information, new suggestions, and an approach that attempts to eliminate the mistakes made the first time around.

AACSB: Analytic  
Bateman - Chapter 04 #110  
Blooms: Comprehension

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

111. Psychological bias in decision making refers to  
(p. 95)
- A. the effect that a person's psychological capabilities have upon the decisions they must make under pressure.
  - B. what happens when a decision maker must balance the preferences of many interested parties, diluting effectiveness.
  - C. the conflict that results from too many people involved with making a decision.
  - D.** the inability to be objective when gathering, evaluating and applying information for decision making.
  - E. the fact that people are motivated by a need for power which clouds their decision making capabilities.

Decision makers are far from objective in the way they gather, evaluate, and apply information in making their choices. People have biases that interfere with objective rationality.

AACSB: Analytic  
Bateman - Chapter 04 #111  
Blooms: Comprehension

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

112. The psychological bias known as "illusion of control" refers to  
(p. 95)
- A. a belief that you have ultimate control and cannot make a poor decision.
  - B.** a belief that you can influence events even when you have no control over what will happen.
  - C. a belief that you have no control and so you don't put any effort into the decision.
  - D. a belief that some unknown person actually has the control and is waiting for you to make a poor decision.
  - E. a lack of confidence in your ability to gain control.

AACSB: Analytic  
Bateman - Chapter 04 #112  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

113. Illusion of control, discounting the future and framing effects are all examples of  
(p. 95-96)
- A. social realities.
  - B.** psychological biases.
  - C. rationality.
  - D. vigilance.
  - E. time pressures.

AACSB: Analytic  
Bateman - Chapter 04 #113  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

114. The way in which the alternatives to a decision are stated or phrased may have an impact on which alternative is chosen. Varying alternatives can be presented in a more favorable or less favorable way, affecting the decision. This is referred to as  
(p. 95-96)
- A.** framing effects.
  - B. phrasing effects.
  - C. fraud effects.
  - D. flamboyancy effect.
  - E. fracture effects.

AACSB: Analytic  
Bateman - Chapter 04 #114  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making



115. Discounting the future refers to  
(p. 95-96) A. valuing long-term benefits at the cost of short-term benefits.  
B. failing to consider inflationary costs.  
C. underestimating the short-term effects of a decision.  
**D.** valuing short-term benefits more heavily than long-term benefits.  
E. failing to consider the effects of new entrants into the industry.

AACSB: Analytic  
Bateman - Chapter 04 #115  
Blooms: Knowledge

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Easy

Topic: Managerial Decision Making

116. Pearl Jam made a public statement that they had decided not to book any concerts through Ticketmaster as an objection to the virtual monopoly Ticketmaster has on the industry. The initial strong public support has been followed by fewer concerts, lower revenues, less overall public exposure and more hassles for the band. In retrospect, the band's decision seems to have  
(p. 96) A. been improperly framed.  
B. been socially irresponsible.  
**C.** discounted the future.  
D. psychological conflict.  
E. involved too many conflicting groups.

Discounting the future means that in evaluating alternatives, one weighs short-term costs and benefits more heavily than longer-term costs and benefits. Avoiding short-term costs or seeking short-term rewards yields problems in the long term.

AACSB: Analytic  
Bateman - Chapter 04 #116  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard

Topic: Managerial Decision Making

117. Turtle Cove Inc. recently completed a process of reengineering the organization. In deciding upon the changes to be implemented, Turtle Cove involved many of the workers in the decision making. This enabled the workers to be aware of the various options that were available and why the options to be implemented were chosen. Utilizing the workers assisted the decisions by helping them to  
(p. 97) A. dominate the discussions.  
B. utilize groupthink.  
C. satisfice each worker.  
D. displace the goals.  
**E.** understand the decisions.

Using groups to make a decision offers at several potential advantages. One is increased understanding for those involved. People who participate in a group discussion are more likely to understand why the decision was made. They will have heard the relevant arguments both for the chosen alternative and against the rejected alternatives.

AACSB: Analytic  
Bateman - Chapter 04 #117  
Blooms: Application

Learning Objective: 04-07 Summarize principles for group decision making.

Level of Difficulty: Hard

Topic: Managerial Decision Making

118. Advantages in using a group for decision making, include  
(p. 97) **A.** a higher level of commitment to the decision.  
B. domination by one member in leading the discussion.  
C. groupthink.  
D. satisficing.  
E. taking less time.

Group discussion typically leads to a higher level of commitment to the decision. Buying into the proposed solution translates into high motivation to ensure that it is executed well.

AACSB: Analytic  
Bateman - Chapter 04 #118  
Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

119. One of the potential problems concerning the process through which group members interact with  
(p. 97) one another is \_\_\_\_\_, which refers to allowing one person to control a discussion or decision.  
A. groupthink  
B. satisficing  
**C.** domination  
D. displacement  
E. esprit de corps

AACSB: Analytic  
Bateman - Chapter 04 #119  
Blooms: Knowledge

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

120. A phenomenon that occurs in decision-making when group members avoid disagreement as they  
(p. 97) strive for consensus is  
A. goal displacement.  
B. domination.  
C. intuition or judgment.  
**D.** groupthink.  
E. esprit de corps.

AACSB: Analytic  
Bateman - Chapter 04 #120  
Blooms: Knowledge

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

121. A condition that occurs when a decision-making group loses sight of its original goal and a new,  
(p. 97) possibly less important, goal emerges is  
**A.** goal displacement.  
B. groupthink.  
C. conflict.  
D. goal domination.  
E. group alternatives.

AACSB: Analytic  
Bateman - Chapter 04 #121  
Blooms: Knowledge

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Easy  
Topic: Managerial Decision Making

122. Shannon left the meeting, frustrated as usual. The group really needed to make some decisions regarding next year's marketing campaign. Tony rammed all his ideas through; they were good, but nobody else dared to speak up or contribute. The group experienced
- A. groupthink.
  - B. domination.**
  - C. satisficing.
  - D. intellectual stimulation.
  - E. goal displacement.

One of the potential problems concerning the process through which group members interact with one another is domination, which refers to allowing one person to control a discussion or decision.

AACSB: Analytic  
Bateman - Chapter 04 #122  
Blooms: Application

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

123. When a group accepts an alternative that seems to please the members of the group, but the group has not taken the time or effort to explore many options, the group has
- A. experienced groupthink.
  - B. stimulated its intellect.
  - C. satisficed.**
  - D. allowed domination.
  - E. displaced its goal.

Satisficing is more likely with groups. Most people don't like meetings and will do what they can to end them. This may include criticizing members who want to continue exploring new and better alternatives. The result is a satisficing, not an optimizing or maximizing, decision.

AACSB: Analytic  
Bateman - Chapter 04 #123  
Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

124. Leaders of decision-making groups should
- A. discourage conflict between group members.
  - B. encourage groupthink to speed up the decision.
  - C. help the group satisfice.
  - D. encourage multiple alternatives from a variety of viewpoints.**
  - E. dominate discussions.

Managers can increase the likelihood of constructive conflict by assembling teams of different types of people, creating frequent interactions and active debates, and encouraging multiple alternatives from a variety of perspectives.

AACSB: Analytic  
Bateman - Chapter 04 #124  
Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

125. In an effort to combat groupthink and an overall lack of creativity, the group leader assigned Tiffani to take on the task of criticizing ideas throughout the meeting. Tiffani was playing the role of
- A. conflict manager.
  - B.** devil's advocate.
  - C. dialectic.
  - D. conflict antagonist.
  - E. dominator.

Methods for encouraging different views include assigning someone the role of devil's advocate, someone who has the job of criticizing ideas.

AACSB: Analytic  
Bateman - Chapter 04 #125  
Blooms: Application

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

126. In an attempt to make a conflict between two employees less personal and emotional, their manager assigns each of them to approach a problem from a different viewpoint. This is an example of using the \_\_\_\_\_ approach.
- A. cognitive conflict
  - B. affective conflict
  - C. devil's advocate
  - D.** dialectic
  - E. groupthink

Methods for encouraging different views include the leader using a process called dialectic, a structured debate between two conflicting courses of action.

AACSB: Analytic  
Bateman - Chapter 04 #126  
Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

127. In order to be creative, a brainstorming session must
- A.** be free of criticism.
  - B. be held in private.
  - C. be done professionally.
  - D. be done face-to-face.
  - E. involve industry experts.

A common technique for eliciting creative ideas is brainstorming. The group generates as many ideas about a problem as they can, and they are encouraged to say anything that comes to mind, except to criticize other people or their ideas.

AACSB: Analytic  
Bateman - Chapter 04 #127  
Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.  
Level of Difficulty: Medium  
Topic: Managerial Decision Making

128. To be effective, goals should have certain qualities, which can be recalled through the use of the acronym S.M.A.R.T. List and describe each of these characteristics. Provide an example of a S.M.A.R.T. goal that has such qualities.

(p. 75)

Answers will vary.

AACSB: Analytic  
Bateman - Chapter 04 #128

Blooms: Application

Learning Objective: 04-01 Summarize the basic steps in any planning process.

Level of Difficulty: Hard

Topic: The Planning Process

129. Discuss the three levels of planning. What are the characteristics of each in terms of managerial level, level of detail and time horizon?

(p. 77-79)

Answers will vary.

AACSB: Analytic

Bateman - Chapter 04 #129

Blooms: Comprehension

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

Level of Difficulty: Medium

Topic: Levels of Planning

130. List and explain at least five activities that might be involved in an environmental analysis.

(p. 81)

Answers will vary.

AACSB: Analytic

Bateman - Chapter 04 #130

Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Medium

Topic: Strategic Planning Process

131. Describe the two broad categories of resources and describe each one. Describe how resources can be a source of competitive advantage.

(p. 83)

Answers will vary.

AACSB: Analytic

Bateman - Chapter 04 #131

Blooms: Comprehension

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Level of Difficulty: Medium

Topic: Strategic Planning Process

132. Describe low-cost and differentiation strategies, and how a business can achieve competitive advantage with either of them. Provide two examples of low-cost and differentiation strategies for specific businesses of your choice.

(p. 86)

Answers will vary.

AACSB: Analytic

Bateman - Chapter 04 #132

Blooms: Application

Learning Objective: 04-04 Discuss how companies can achieve competitive advantage through business strategy.

Level of Difficulty: Hard

Topic: Strategic Planning Process

133. Differentiate between programmed and non-programmed decisions. Which type is more typical for managerial decisions? What is the relationship to uncertainty and risk? Give an example of each type of decision.  
(p. 90)

Answers will vary.

AACSB: Analytic  
Bateman - Chapter 04 #133

Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.

Level of Difficulty: Hard

Topic: Managerial Decision Making

134. List and explain the six steps of the decision making process.  
(p. 90-95)

Answers will vary.

AACSB: Analytic

Bateman - Chapter 04 #134

Blooms: Comprehension

Learning Objective: 04-06 Explain how to make effective decisions as a manager.

Level of Difficulty: Medium

Topic: Managerial Decision Making

135. Explain the four disadvantages of using a group to make decisions.  
(p. 97)

Answers will vary.

AACSB: Analytic

Bateman - Chapter 04 #135

Blooms: Comprehension

Learning Objective: 04-07 Summarize principles for group decision making.

Level of Difficulty: Medium

Topic: Managerial Decision Making

Scenario A. The senior management of Alpha Omega Moving Company has contacted you to assist them with their planning process. Their chief complaint is that they (the senior managers) spend too much time on detail-oriented planning matters. When asked about the kinds of plans they work on, they provide you with the following list:

1. How many new employees to hire for the cafeteria this month.
2. Whether or not to expand their company into a new region in the next 10 years.
3. How to increase visibility of their marketing campaign.
4. How to schedule the largest-capacity trucks in the business for next week.

Bateman - Chapter 04

136. Which of the previous issues are related to strategic planning?  
(p. 77-78)

- A. All four of the items in Scenario A
- B. Items 2 and 3 only
- C. Items 1 and 4 only
- D. Item 3 only
- E. Item 2 only**

Strategic planning involves making decisions about the organization's long-term goals and strategies. Effective strategic planning answers questions such as: Where will we be active? How will we get there (e.g., by increasing sales or acquiring another company)? How will we win in the marketplace (e.g., by keeping prices low or offering the best service)? How fast will we move, and in what sequence will we make changes? How will we obtain financial returns (low costs or premium prices)?

AACSB: Analytic  
Bateman - Chapter 04 #136

Blooms: Application

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

Level of Difficulty: Hard

Topic: Levels of Planning

137. Which of the previous issues are related to tactical planning?  
(p. 78)
- A. All four of the items in Scenario A
  - B. Items 2 and 3 only
  - C. Items 1 and 4 only
  - D. Item 3 only**
  - E. Item 2 only

Tactical planning translates broad strategic goals and plans into specific goals and plans relevant to a particular portion of the organization, often a functional area such as marketing or human resources. Tactical plans focus on the major actions a unit must take to fulfill its part of the strategic plan.

AACSB: Analytic  
Bateman - Chapter 04 #137  
Blooms: Application  
Level of Difficulty: Hard  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

138. Which of the previous issues are related to operational planning?  
(p. 78)
- A. All four of the items in Scenario A
  - B. Items 2 and 3 only
  - C. Items 1 and 4 only**
  - D. Item 3 only
  - E. Item 2 only

Operational planning identifies the specific procedures and processes required at lower levels of the organization. Frontline managers usually focus on routine tasks such as production runs, delivery schedules, and human resource requirements.

AACSB: Analytic  
Bateman - Chapter 04 #138  
Blooms: Application  
Level of Difficulty: Hard  
Topic: Levels of Planning

Learning Objective: 04-02 Discuss how strategic planning should be integrated with tactical and operational planning.

Scenario B. The Chem-Free Natural Pharmaceutical Company has completed a SWOT analysis as part of their ongoing strategic planning process. They have formulated the following information:

1. New regulations have been passed limiting their ability to sell certain formulations over the counter.
2. As compared to their competitors, their management team is by far the best in the industry.
3. They have fallen behind in research and development in the last few years.
4. More people are becoming interested in natural alternatives to traditional chemical pharmaceuticals; this trend is expected to continue over the next decade.
5. The company has adequate financial resources to invest in their operations.

Bateman - Chapter 04

139. Which of the above would be (a) strength(s) for Chem-Free?  
(p. 84)
- A. 2 only
  - B. 1 and 5
  - C. 2 and 5**
  - D. 4 only
  - E. 5 only

Strengths and weaknesses refer to internal resources. An organization's strengths might include skilled management, positive cash flow, and well-known and highly regarded brands.

AACSB: Analytic  
Bateman - Chapter 04 #139  
Blooms: Application  
Level of Difficulty: Hard  
Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

140. Which of the above would be (a) weakness(es) for Chem-Free?  
(p. 84)
- A. 1 only
  - B. 1 and 3
  - C. 1 and 4
  - D. 3 only**
  - E. 4 only

Strengths and weaknesses refer to internal resources. An organization's weaknesses might be lack of spare production capacity and the absence of reliable suppliers.

AACSB: Analytic  
Bateman - Chapter 04 #140

Blooms: Application

Level of Difficulty: Hard

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

141. Which of the above would be (an) opportunity(ies) for Chem-Free?  
(p. 84)
- A. 1, 4 and 5
  - B. 1 and 5
  - C. 5 only
  - D. 4 and 5
  - E. 4 only**

Opportunities and threats arise in the macroenvironment and competitive environment. Examples of opportunities are a new technology that could make the supply chain more efficient and a market niche that is currently underserved.

AACSB: Analytic  
Bateman - Chapter 04 #141

Blooms: Application

Level of Difficulty: Hard

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

142. Which of the above would be (a) threat(s) for Chem-Free?  
(p. 84)
- A. 1 and 5
  - B. 1 only**
  - C. 2 and 5
  - D. 3 only
  - E. 1 and 3

Opportunities and threats arise in the macroenvironment and competitive environment. Threats might include the possibility that competitors will enter the underserved niche once it has been shown to be profitable.

AACSB: Analytic  
Bateman - Chapter 04 #142

Blooms: Application

Level of Difficulty: Hard

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

Scenario C. Suppose a global cosmetics company called Lumpy & Clumpy is considering its corporate strategy. Several people on their Board of Directors believe they have the "perfect" strategy for the company. Joe believes that the best option is for Lumpy & Clumpy to stay on their current track of offering only cosmetics to customers who like the "look" of the products they currently offer. Maita wants the company to expand by purchasing the manufacturing plants that produce the Lumpy & Clumpy products. Another director, Carson, wants to build the company by adding related products like skin care and perfume to be sold alongside their current products. Finally, the original owner of the company, Rhys, wants to grow the company by doing something completely new like building restaurants or perhaps starting an entertainment park.



143. Maita is advocating which corporate strategy?  
(p. 85)
- A. Concentration
  - B. Vertical integration**
  - C. Concentric diversification
  - D. Conglomerate diversification
  - E. Low-cost

One of the four basic alternatives for a corporate strategy is vertical integration, which is expanding the organization's domain into supply channels or to distributors, generally to eliminate uncertainties and reduce costs associated with suppliers or distributors.

AACSB: Analytic  
Bateman - Chapter 04 #143

Blooms: Application

Level of Difficulty: Hard

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

144. Carson is advocating which corporate strategy?  
(p. 85)
- A. Concentration
  - B. Vertical integration
  - C. Concentric diversification**
  - D. Conglomerate diversification
  - E. Low-cost

One of the four basic alternatives for a corporate strategy is concentric diversification, which is moving into new businesses related to the company's original core business. Concentric diversification applies strengths in one business to gain advantage in another.

AACSB: Analytic  
Bateman - Chapter 04 #144

Blooms: Application

Level of Difficulty: Hard

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

145. Rhys is advocating which corporate strategy?  
(p. 85)
- A. Concentration
  - B. Vertical integration
  - C. Concentric diversification
  - D. Conglomerate diversification**
  - E. Low-cost

One of the four basic alternatives for a corporate strategy is conglomerate diversification, which is expansion into unrelated businesses, typically to minimize risks due to market fluctuations in one industry.

AACSB: Analytic  
Bateman - Chapter 04 #145

Blooms: Application

Level of Difficulty: Hard

Topic: Strategic Planning Process

Learning Objective: 04-03 Describe how strategy is based on analysis of the external environment and the firms strengths and weaknesses.

- Scenario D. Healthy Day Regional Medical Center's management team has several decisions to make. They are attempting to sort out what to do first. The decisions are as follows:
1. Determine which patients to be admitted for the next day.
  2. Decide whether or not to purchase the only other medical center in their region.
  3. Decide which candidates will meet the requirements for the nursing training program.
  4. Determine whether the medical center should diversify into more advanced (and substantially more costly) technologies.

146. Decision 4 is an example of which type of decision?  
(p. 90)
- A. Programmed
  - B. Nonprogrammed**
  - C. Trivial
  - D. Certain
  - E. Risk-free

Nonprogrammed decisions are required when the problem is novel and unstructured, with much uncertainty regarding cause-and-effect relationships.

AACSB: Analytic  
Bateman - Chapter 04 #146  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

147. Decisions 1 and 3 are both \_\_\_\_\_ decisions because \_\_\_\_\_.  
(p. 90)
- A. programmed decisions; they are novel and complex
  - B. nonprogrammed decisions; they are novel and complex
  - C. programmed decisions; they can be solved using rules and procedures**
  - D. nonprogrammed decisions; they can be solved using rules and procedures
  - E. nonprogrammed decisions; there is much certainty regarding cause-and-effect relationships

Programmed decisions typically depend on policies, rules, and definite procedures.

AACSB: Analytic  
Bateman - Chapter 04 #147  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

148. If the decision makers for Decision 3 take the first candidate they see that meets the minimum requirements, without going through every candidate's file to see if anyone else is better, they are  
(p. 94)
- A. maximizing.
  - B. satisficing.
  - C. optimizing.**
  - D. experiencing internal conflict.
  - E. experiencing external conflict.

Satisficing is choosing the first option that is minimally acceptable or adequate; the choice appears to meet a targeted goal or criterion.

AACSB: Analytic  
Bateman - Chapter 04 #148  
Blooms: Application

Learning Objective: 04-06 Explain how to make effective decisions as a manager.  
Level of Difficulty: Hard  
Topic: Managerial Decision Making

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