

CHAPTER ONE**BASIC CONCEPTS OF STRATEGIC MANAGEMENT**

MULTIPLE CHOICE QUESTIONS (The letter after each item number is the correct answer)

- 1B Which is NOT one of the strategic questions that an organization must ask itself?
- Where is the organization now?
 - How can functional and operational areas be improved?
 - If no changes are made, where will the organization be in one year?
 - If the evaluation is negative, what specific actions should management take?
 - If no changes are made, where will the organization be in 10 years?
- 2D Which of the following is NOT a characteristic of strategic decisions as mentioned in the text?
- directive
 - consequential
 - rare
 - continuous
- 3A Strategic planning within a small organization
- may be informal and irregular.
 - must be elaborate to allow for future growth.
 - should be formalized and explicitly stated
 - should be done by the president only.
 - is unnecessary and a waste of time.
- 4D An organization that is skilled at creating, acquiring, and transferring knowledge and at modifying its behavior to reflect new knowledge and insights
- asks if it should be or not be.
 - is operating in Phase 1 of strategic management.
 - has a mechanistic structure.
 - is a learning organization.
 - is crazy.
- 5B Research suggests that strategic management evolves through four sequential phases in corporations. The first phase is
- externally-oriented planning.
 - basic financial planning.
 - internally-oriented planning.
 - forecast-based planning.
 - strategic management.
- 6A Research done by Henry Mintzberg suggests that strategy formulation
- is an irregular and a discontinuous process.

- b. should be followed unwaveringly to ensure success of the plan.
- c. is worthless.
- d. should be reviewed after a specific interval of time to make sure it is still applicable.
- e. is merely a checklist of actions following a logical process.

7B Which of the following is NOT one the five triggering events that are the stimulus for a strategic change?

- a. Intervention by the organization's bank
- b. Entrance of a new competitor into the industry
- c. Change in ownership of the organization
- d. New CEO
- e. Awareness by management of decreased profitability

8B The corporate mission is best described by which one of the following?

- a. A description of the activities carried out by the organization.
- b. The purpose or reason for the corporation's existence.
- c. A description of top management's responsibilities.
- d. A statement of corporate objectives.
- e. The philosophy of the founder.

9A A goal differs from an objective because it

- a. is open-ended.
- b. is quantified.
- c. specifies measurable results.
- d. is clearly specified.
- e. provides a time horizon.

10C As defined in this course, a policy is

- a. the purpose or reason for a corporation's existence.
- b. a statement of activities or steps needed to accomplish a single-use plan.
- c. a broad guideline for making decisions.
- d. a comprehensive master plan stating how a corporation will achieve its mission and objectives.
- e. a statement of a corporation's programs in dollar terms.

11B Which of the following is an example of an objective?

- a. Diversify product line to appeal to more people.
- b. Increase sales by 10% over last year.
- c. Pay highest salaries to keep high quality employees.
- d. Develop and sell quality appliances world-wide.
- e. Divide a sales region into a group of sales districts.

12A Which of the following is an example of a strategy?

- a. Diversify product line to appeal to more people.
- b. Increase sales by 10% over last year.
- c. Pay highest salaries to keep high quality employees.