FINALTERM EXAMINATION
Spring 2007
MGT603- Strategic Management

Time: 120 min
M - 44

Question No: 1 (M - 1) .
Stakeholders of an organization include:

►Stockholders
►Stockholders and customers
►Stockholders, customers and creditors
►Stockholders, customers, creditors and competitors
Five major stakeholders:
- Consumers,
- Governments,
- Suppliers,
- Distributors,
- Competitors.

Question No: 2 (M - 1) .
__________________ can be the most important force impacting competitive advantage.

►The bargaining power of suppliers
►The bargaining power of distributors
►The bargaining power of consumers
►All of the mentioned options
The bargaining power of consumers can be the most important force impacting competitive advantage.

Question No: 3 (M - 1) .
To perform an external audit, a company first must:

►Get an approval from the Securities and Exchange Commission
►Perform an internal audit
►Gather competitive intelligence and information about external trends
►Hire a consultant to develop a comprehensive strategic plan.
To perform an external audit, a company first must gather competitive intelligence and information about social, cultural, demographic, environmental, economic, political, legal, governmental, and technological trends.

Question No: 4 (M - 1) .
Whenever new firms can easily enter a particular industry, the intensity of competitiveness among firms______________.

►Stays the same

► Increases
►Decreases
►Neutralize

Question No: 5 (M - 1) .
A standardized, detailed set of techniques and behaviors that manage anxieties, but seldom produce intended, technical consequences of practical results are called__________.

►Folktales
►Rite
►Metaphor
►Rituals
Ritual: A standardized, detailed set of techniques and behaviors that manage anxieties, but seldom produce intended, technical consequences of practical importance.

Question No: 6 (M - 1) .
Which of the following stages in the strategy-formulation framework focuses on generating feasible alternative strategies?

►Input
►Output
►Decision
►Matching
Stage 2, called the Matching Stage, focuses upon generating feasible alternative strategies.

Question No: 7 (M - 1) .
Which strategies use a firm's strengths to avoid or reduce the impact of external threats?

►SW
►WO
►SW
►ST
ST Strategies is an important strategy to overcome external threats.

Question No: 8 (M - 1) .
Which of the following is not a SPACE Matrix quadrant?

►Aggressive
►Defensive
►Competitive
►Offensive
It contains four-quadrant named aggressive, conservative, defensive, or competitive strategies.

Question No: 9 (M - 1) .
Which of the following is an attractive strategy for a cash cow division?

►Concentric diversification
►Horizontal integration
►Conglomerate diversification
►Backward integration
Product development or concentric diversification may be attractive strategies for strong Cash Cows.

Question No: 10 (M - 1) .
Strategy formulation:

►Is managing forces during the action
►Focuses on effectiveness
►Is primarily an operational process
►Requires coordination among many people
Strategy formulation focuses on effectiveness.

Question No: 11 (M - 1) .
Conflict in an organization is___________.

►Always bad
►Always good
►Sometimes good and sometimes bad
►A sign of bankruptcy
Conflict is not always bad, there can be good conflict.

Question No: 12 (M - 1) .
Which term is most often concerned primarily with shareholder well-being rather than employee well-being?

►Benchmarking
►Reengineering
►Product redesign
►Restructuring
Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

Question No: 13 (M - 1) .
A change strategy that attempts to convince people that the change is in their personal advantage is:

►Diffusion
►Force

►Educative
►Rational
A rational or self-interest change strategy is one that attempts to convince individuals that the change is to their personal advantage.

Question No: 14 (M - 1) .
Which of the following variables would not be considered part of the place element of the marketing mix?

►Availability of the product
►Labeling
►Distribution channel
►Sales territory
Distribution (Place) Decisions: Distribution is about getting the products to the customer. Some examples of distribution decisions include:
• Distribution channels
• Market coverage
• Specific channel members
• Inventory management
• Warehousing
• Distribution centers
• Order processing
• Transportation
• Reverse logistics

Question No: 15 (M - 1) .
R&D employees and managers perform all of the following tasks except:

►Transferring complex technology
►Alternating products to particular tastes and specifications
►Researching resource availability
►Adapting processes to local markets
R&D employees and managers perform tasks that include
1. Transferring complex technology,
2. Adjusting processes to local raw materials,
3. Adapting processes to local markets,
4. Altering products to particular tastes and specifications.

Question No: 16 (M - 1) .
Planning includes breaking tasks into jobs, combining jobs to form departments and delegating authority.

►True
►False
The organizing function of management can be viewed as consisting of three sequential activities: breaking tasks down into jobs (work specialization),

combining jobs to form departments (departmentalization), and delegating authority.

Question No: 17 (M - 1) .
Most of the small organizations have divisional structure.

►True
►False

Question No: 18 (M - 1) .
Customer profiling can reveal the demographic characteristics of an organization's customers.

►True
►False
Customer profiles can reveal the demographic characteristics of an organization's customers.

Question No: 19 (M - 1) .
Strategic decision is the allocation and reallocation of capital and resources to projects, products, assets and divisions of an organization.

►True
►False
In strategic planning, a resource-allocation decision is a plan for using available resources, to achieve goals for the future.

Question No: 20 (M - 1) .
Liquidity ratios measures a firm's ability to meet maturing short-term obligations.

►True
►False
Liquidity ratios measure a firm's ability to meet maturing short-term obligations. It includes:

- Current ratio
- Quick (or acid-test) ratio

Question No: 21 (M - 1) .
A SWOT Matrix is composed of four cells for the four types of strategies it creates.

►True
►False
SWOT is as an acronym for Strengths, Weaknesses, Opportunities, and Threats. These four factors make up the SWOT MATRIX.
Question No: 22 (M - 1) .

Not allocating resources according to the priorities indicated by approved objectives is detrimental to the strategic-management process.

►**True**
►False

Question No: 23 (M - 1) .
Resistance to change can be considered the single greatest threat to successful strategy implementation.

►**True**
►False
Managing Resistance to change: Resistance to change can be considered the single greatest threat to successful strategy implementation.

Question No: 24 (M - 1) .
R&D policies can enhance strategy implementation efforts to emphasize product or process improvements.

►**True**
►False
R&D policies can enhance strategy-implementation efforts to:
1. Develop robotics or manual-type processes.
2. Emphasize product or process improvements.
3. Stress basic or applied research.

Question No: 25 (M - 1) .
Too much emphasis on evaluating strategies may be expensive and counterproductive.

►**True**
►False
Strategy evaluation can be a complex and sensitive undertaking. Too much emphasis on evaluating strategies may be expensive and counterproductive.

Question No: 26 (M - 3) .
"QSPM (Quantitative Strategic Planning Matrix) is not without limitations" Discuss.

Answer:
Limitations of Quantitative Strategic Planning Matrix QSPM:
1. Requires intuitive judgments and educated assumptions.
2. Only as good as the prerequisite inputs.
3. Only strategies within a given set are evaluated relative to each other.

Question No: 27 (M - 3) .

A company has changed its strategy to compete on low cost to high quality provider of goods and services. What positive and negative points it may have?
Answer:

Question No: 28 (M - 3) .
Why vision and mission are different. Are both necessary for organizations?
Answer:

Vision Statements & its Importance: Many organizations today develop a "vision statement" which answers the question, what do we want to become? Developing a vision statement is often considered the first step in strategic planning, preceding even development of a mission statement. Many vision statements are a single sentence. For example the vision statement of Stokes Eye Clinic in Florence, South Carolina, is "Our vision is to take care of your vision." The vision of the Institute of Management Accountants is "Global leadership in education, certification, and practice of management accounting and financial management."

Mission Statements & its Importance: Mission statements are "enduring statements of purpose that distinguish one business from other similar firms. A mission statement identifies the scope of a firm's operations in product and market terms. It addresses the basic question that faces all strategists: What is our business? A clear mission statement describes the values and priorities of an organization. Developing a mission statement compels strategists to think about the nature and scope of present operations and to assess the potential attractiveness of future markets and activities. A mission statement broadly charts the future direction of an organization.

Question No: 29 (M - 5) .
Using a Grand Strategy Matrix approach, what strategies are recommended for a firm that is a strong competitor in a rapid-growing market? Elaborate on what these strategies could mean for an electronics company.
Answer:

Strategies for a firm with strong competitor in a rapid-growing market: These types of firms are in an excellent strategic position. These firms must focus on current market and appropriate to follow market penetration, market development and products development are appropriate strategies.

Question No: 30 (M - 5) .
Discuss similarities and dissimilarities of restructuring and reengineering.
Answer:

Restructuring & Reengineering:

Restructuring—also called downsizing, rightsizing, or delayering—involves reducing the size of the firm in terms of number of employees, number of divisions or units, and number of hierarchical levels in the firm's organizational structure. This reduction in size is intended to improve both efficiency and effectiveness. Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

In contrast, reengineering is concerned more with employee and customer well-being than shareholder well-being. Reengineering—also called process management, process innovation, or process redesign— involves reconfiguring or redesigning work, jobs, and processes for the purpose of improving cost, quality, service, and speed. Reengineering does not usually affect the organizational structure or chart, nor does it imply job loss or employee layoffs. Whereas restructuring is concerned with eliminating or establishing, shrinking or enlarging, and moving organizational departments and divisions, the focus of reengineering is changing the way work is actually carried out.

Reengineering is characterized by many tactical (short-term, business function-specific) decisions, whereas restructuring is characterized by strategic (long-term, affecting all business functions) decisions.