MGT603 QUIZ 3 FILE LECTURE 23 TO 28

1. 'Harvest or divest' is one of the major regions of which of the following?

a. Competitive Profile Matrix
b. Internal-External Matrix
c. SPACE Matrix
d. Grand Strategy Matrix

Ref:IE Matrix divided into three major regions.
Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX.(Page No.106)

2. Which of the following are the two external dimensions to be considered in SPACE Matrix?

a. Environmental stability and industry strength
b. Environmental stability and competitive advantage
c. Industry strength and competitive advantage
d. Industry strength and Financial strength

(page 100)two external dimensions (environmental stability [ES] and industry strength [IS]).

3. The IE Matrix consists of how many cells?

a. Seven
b. Eight
c. Nine
d. Ten
Reference: IE Matrix (Internal and external) Divided into three major regions, Grow and build – Cells I, II, or IV, Hold and maintain – Cells III, V, or VII, Harvest or divest – Cells VI, VIII, or IX.

4. Which stage of the strategy-formulation framework consists of the Quantitative Strategic Planning Matrix?

a. Formulation framework
b. Matching stage
c. Decision stage
d. All of the given options

Reference: Stage-3 (Decision stage) QSPM (Quantitative Strategic Planning Matrix).

5. All of the following would be considered as opportunities for a business, EXCEPT:

a. Removal of international trade barriers
b. Emergence of unfulfilled customer need
c. Emergence of substitute products Reference (3224 Pages File)
d. Loosening of regulations

6. What strategies are appropriate for the divisions that fall in grow and build region of IE matrix?

a. Defensive and integrative strategies
b. Intensive and integrative strategies
c. Diversification and intensive strategies
d. Defensive and diversification strategies

Reference: grow and build strategies are: Intensive and integrative strategies
(A)Market penetration, Market Development, Product development
(B)Forward Integration, Backward Integration, Horizontal Integration

7. Stage-1 (Input Stage) in a comprehensive strategy formulation framework includes all of the following matrix EXCEPT:

a. External factor evaluation
b. TWOS matrix (Lecture no 23 Page no 97 Handouts)
c. Competitive matrix profile
d. Internal factor evaluation

8. You are asked to prepare the IE Matrix of Roxon Incorporation. Your findings reveal that its Southern division falls in IX cell of IE Matrix. How will you interpret your findings?

a. It can be managed best with Harvest or divest strategies (FROM 3224 Pages File)
b. It can be managed best with Grow and Build strategies
c. It can be managed best with Grow and Maintain strategies
d. It can be managed best with Hold and Maintain strategies

9. Firm with its SPACE matrix vector in conservative quadrant should peruse all of the following strategies EXCEPT:
a. Market penetration
b. Product development
c. Market development
d. Divestiture

Reference:
Conservative strategies most often include market penetration, market development, product development and concentric diversification
http://www.researchandwriting.org/index2.php?option=com_content&do_pdf=1&id=32

10. Which of these is an attractive strategy for a cash cow division?

a. Concentric diversification
b. Horizontal integration
c. Conglomerate diversification
d. Backward integration
Ans: a Page: 210

11. Which of the following are two positive-rated dimensions on SPACE Matrix?

a. FS and CA
b. CA and ES
c. FS and IS
d. IS and ES

Reference: Assign a numerical value ranging from 1 (worst) to 6 (best) for the variables that make up the FS and IS dimensions. Assign a number between –1 (best) to –6 (worst) for variables that make up the ES and CA dimensions

12. The external environmental trends and events that could significantly harm an organization in the future may be known as:

a. Strengths
b. Weaknesses
c. Opportunities
d. Threats

Reference: External threats refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly benefit or harm an organization in the future.

13. Stage-1 (Input Stage) in a comprehensive strategy formulation framework includes all of the following matrix EXCEPT:
a. External factor evaluation
b. SPACE matrix (Lecture no 23 Page no 97 Handouts)
c. Competitive matrix profile
d. Internal factor evaluation

14. Which of the following is NOT a SPACE Matrix quadrant?

a. Aggressive
b. Defensive
c. Competitive
d. Offensive

Reference: It contains four-quadrant named aggressive, conservative, defensive, or competitive strategies.

15. An organization that has a low relative market share position and competes in a slow-growth industry is known as:
a. dog.
b. question mark.
c. star.
d. cash cow.
Ans: a Page: 231

16. Most likely, what was a cash cow in the past?
a. dog
b. failure
c. question mark
d. star
Ans: d Page: 231

17. A chance for advancement, progress or profit prevailing in external environment of a company is known as:

a. Strength
b. Weakness
c. Opportunity
d. Threat

Reference: Opportunities are external conditions that are helpful to the achievement of the profitable objective.

18. IE matrix is based on which dimensions?
a. Market share and industry growth
b. Financial strength and industry strength
c. Weighed scores of IFE and EFE matrices
d. Market growth and competitive position

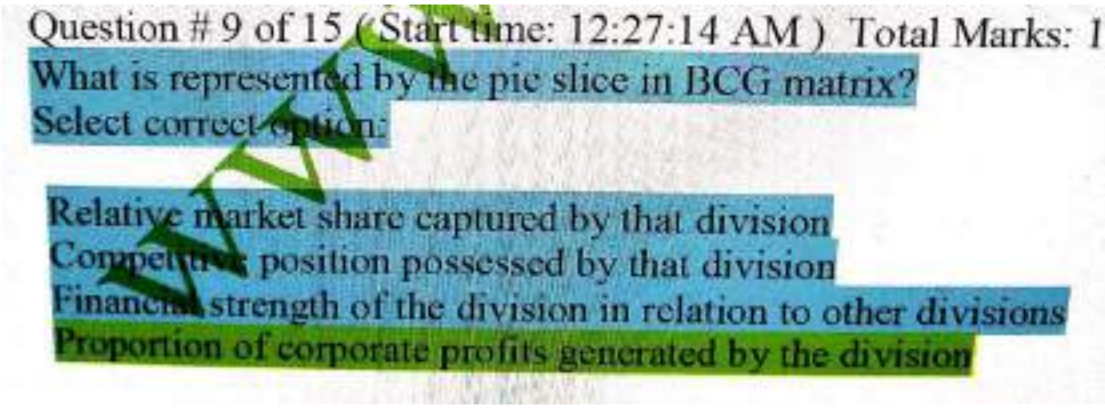
(p#106) Steps for the development of IE matrix
1. Based on two key dimensions IFE and EFE.
2. Plot IFE total weighted scores on the x-axis and the EFE total weighted scores on the y axis

19. Which of the following stages in the strategy-formulation framework focuses on generating feasible alternative strategies?
a. Input
b. Output
c. Decision
d. Matching

Page#97
Which stage in the strategy-formulation framework focuses on generating feasible alternative strategies?
a. Input
b. Output
c. Decision
d. Stage 3
e. Matching
Ans: e Page: 198
http://www.google.com/search?hl=en&client=gmail&rls=gm&noj=1&q=%22framework+focuses+on+generating+feasible+alternative+strategies%22&aq=f&aqi=&aql=&oq=

20. What is represented by the pie slice in BCG matrix?

a. Proportion of corporate profits generated by the division
b. Relative market share captured by that division
c. Financial strength of the division in relation to other divisions
d. Competitive position possessed by that division

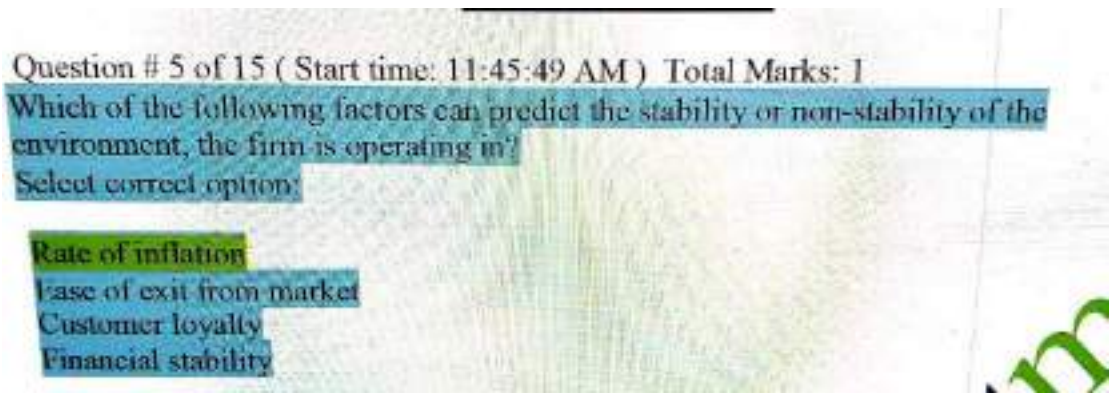


Question # 9 of 15 (Start time: 12:27:14 AM) Total Marks: 1
What is represented by the pie slice in BCG matrix?
Select correct option:

Relative market share captured by that division
Competitive position possessed by that division
Financial strength of the division in relation to other divisions
Proportion of corporate profits generated by the division

21. Which of the following factors can predict the stability or non-stability of the environment, the firm is operating in?

a. Customer loyalty
b. Financial stability
c. Ease of exit from market
d. Rate of inflation

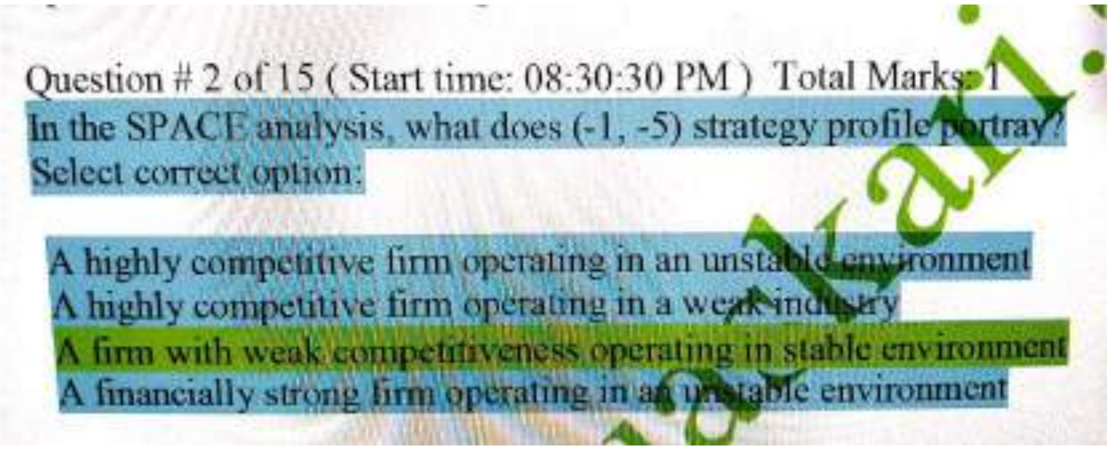


Question # 5 of 15 (Start time: 11:45:49 AM) Total Marks: 1
Which of the following factors can predict the stability or non-stability of the environment, the firm is operating in?
Select correct option:

Rate of inflation
Ease of exit from market
Customer loyalty
Financial stability

22. In the SPACE analysis, what does (-1, -5) strategy profile portray?

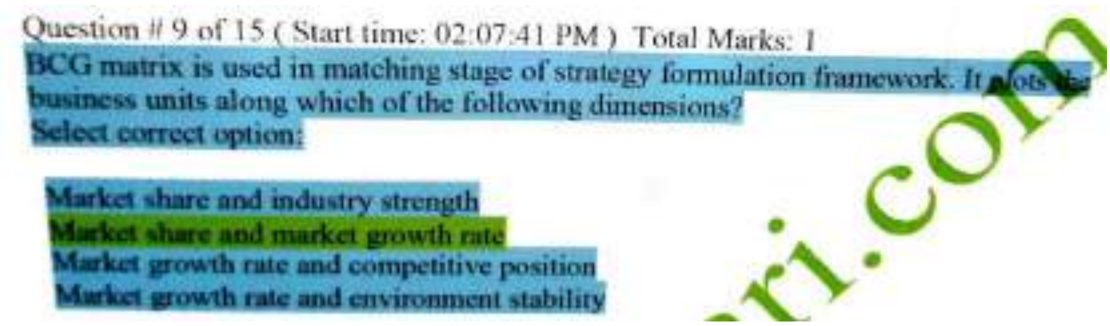
a. A highly competitive firm operating in an unstable environment
b. A firm with weak competitiveness operating in stable environment
c. A financially strong firm operating in an unstable environment
d. A highly competitive firm operating in a weak industry


Question # 2 of 15 (Start time: 08:30:30 PM) Total Marks: 1
In the SPACE analysis, what does (-1, -5) strategy profile portray?
Select correct option:

A highly competitive firm operating in an unstable environment
A highly competitive firm operating in a weak industry
A firm with weak competitiveness operating in stable environment
A financially strong firm operating in an unstable environment

23. BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

a. Market growth rate and competitive position
b. Market growth rate and environment stability
c. **Market share and market growth rate**
d. Market share and industry strength


Question # 9 of 15 (Start time: 02:07:41 PM) Total Marks: 1
BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?
Select correct option:

Market share and industry strength
Market share and market growth rate
Market growth rate and competitive position
Market growth rate and environment stability

24. All of the following are the steps for the development of IE matrix EXCEPT:

a. Plot IFE total weighted scores on the x-axis
b. Plot EFE total weighted scores on the y axis
c. Determine the region into which the division falls
d. Determine the quadrant where position vector lies

Reference: (p#106) Steps for the development of IE matrix
1. Based on two key dimensions IFE and EFE.
2. Plot IFE total weighted scores on the x-axis and the EFE total weighted scores on the y axis

25. In BCG matrix, identify the right quadrant for “Dogs”.

a. Quadrant I
b. Quadrant II
c. Quadrant IV (PPT Page no 535)
d. Quadrant III

26. Which one of the following is NOT a major region of IE matrix?

a. Grow and build
b. Grow and maintain
c. Hold and maintain
d. Harvest or divest

Reference: IE Matrix divided into three major regions.
Grow and build
Hold and maintain
Harvest or divest

27. Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?

a. Matching stage
b. Decision stage
c. Input stage
d. Output stage

Ref: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage. (Page No.97)

28. ABC Corporation can have competitive advantage over its competitor by taking all of the following actions EXCEPT:

a. By increasing product quality
b. By having debt/equity ratio equals to 1 (Ref From 3224 Pages File)
c. By altering product life cycle
d. By increasing customer base

29. What are the four dimensions of a SPACE matrix?

a. Environmental stability; Industrial strength; Competitive advantage; Market growth rate
b. Environmental stability; Industrial strength; Competitive advantage; Financial strength
c. Industrial strength; Competitive advantage; financial strength; Market share
d. Environmental stability; Industrial strength; Market growth rate; Market share

Ref: Page no. 100

30. Which of the following depicts the signs of strength of a company's competitive position?

a. A debt-to-asset ratio below 0.50 and higher EPS.
b. A website with extensive information about the company and its product line.
c. An annual R&D and advertising expenditures greater than $10 million.
d. A strongly differentiated product, a strong or rising market share. (From 3224 Pages File)

31. A firm should practice Joint Venture strategy in which of the following cases?

a. When the SPACE matrix vector lies in defensive quadrant
b. When the SPACE matrix vector lies in aggressive quadrant
c. When the SPACE matrix vector lies in conservative quadrant
d. When the SPACE matrix vector lies in competitive quadrant

Ref: quadrant IV means competitive quadrant.
Quadrant IV
Concentric diversification
Horizontal diversification
Conglomerate diversification
Joint ventures

32. ABC company is competing in an industry where the growth rate of that industry from year to year has reached zero or is close to zero, ABC is operating in which industry?

a. Growing industry
b. Emerging industry
c. Mature industry
d. Declining industry

Reference:
Maturity stage: The stage in the product life cycle in which sales growth slows or levels off.

33. All of the following are the limitations of BCG Matrix EXCEPT:
a. It is one-dimensional to view every business as a star, cash cow, dog or question mark
b. BCG can not be developed if a firm has at least less than three years data
c. The businesses that fall in the centre of BCG matrix can not be classified
d. Other variables such as size of market and competitive advantages are not considered

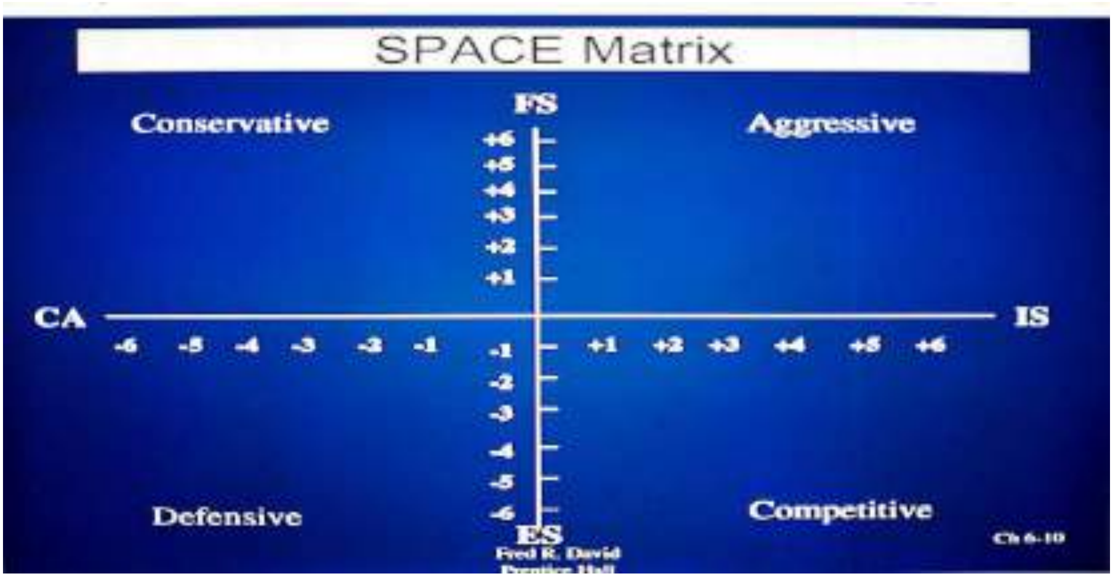
Ref: Limitations
1. Viewing every business as a star, cash cow, dog, or question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

34. Retrenchment strategy should be followed by which one of the following firms?

a. Firm with its SPACE matrix vector in defensive quadrant (From 3224 Pages File)
b. Firm with its SPACE matrix vector in aggressive quadrant
c. Firm with its SPACE matrix vector in conservative quadrant
d. Firm with its SPACE matrix vector in competitive quadrant

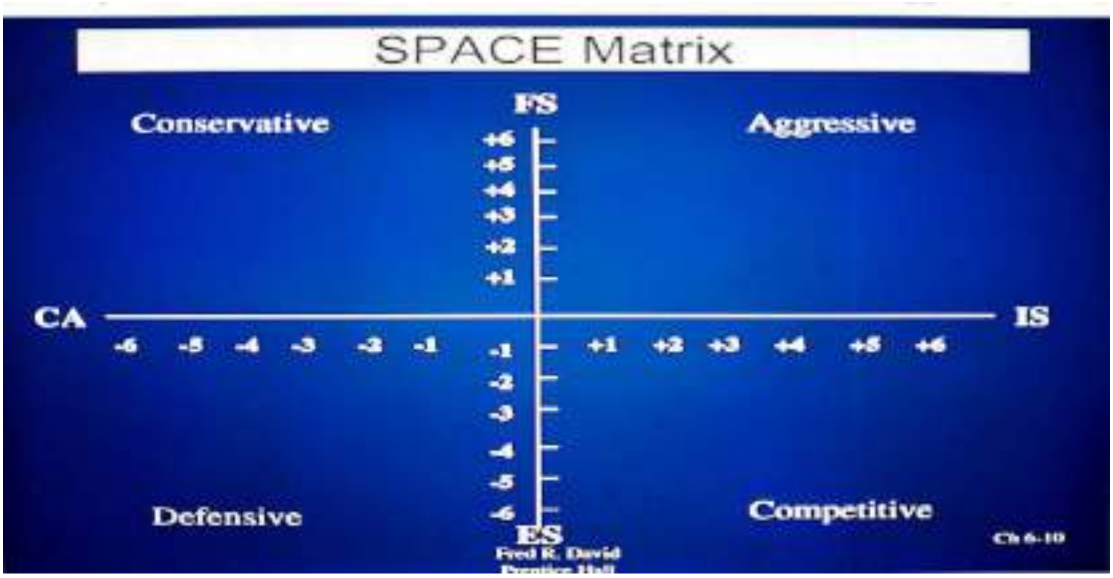
35. If the average score of a firm in financial strength (FS) & industry strength (IS) is +5 & +1, identify the strategic position of a firm while undertaking the SPACE Matrix.

a. Aggressive (PPT Page no 530)
b. Conservative
c. Defensive
d. Competitive



36. If the average score of a firm in financial strength (FS) & industry strength (IS) is +5 & -1, identify the strategic position of a firm while undertaking the SPACE Matrix.

a. Aggressive
b. Conservative (PPT Page no 530)
c. Defensive
d. Competitive



37. Stage-2 (Matching stage) in a comprehensive strategy formulation framework includes all of the following matrix EXCEPT:

a. IE Matrix
b. GS Matrix
c. BCG Matrix
d. CMP (Lesson No 23 Page no 97 Handouts)

38. Stage-2 (Matching stage) in a comprehensive strategy formulation framework includes all of the following matrix EXCEPT:

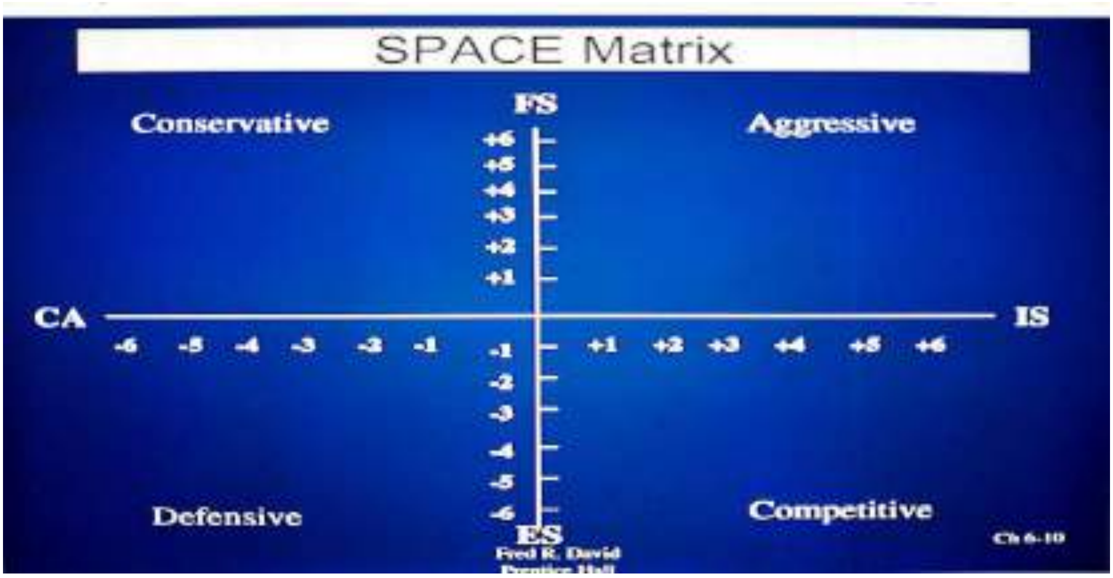
a. IE Matrix
b. GS Matrix
c. BCG Matrix
d. External factor evaluation (Lesson No 23 Page no 97 Handouts)

39. Stage-1 (Input stage) in a comprehensive strategy formulation framework includes all of the following matrix EXCEPT:

a. Internal factor evaluation
b. Competitive matrix profile
c. External factor evaluation
d. IE matrix (Lesson No 23 Page no 97 Handouts)

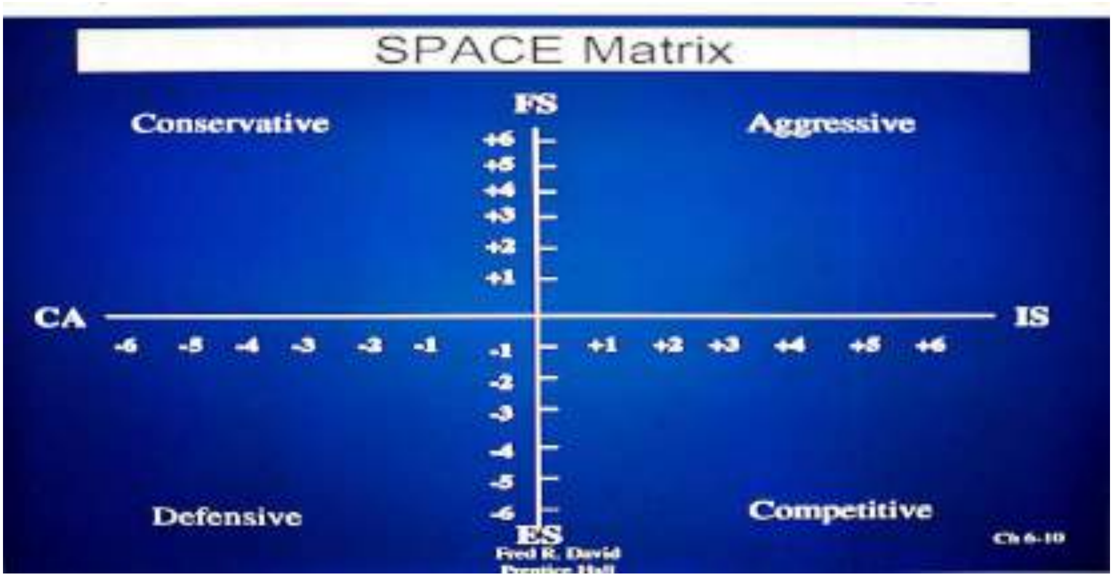
40. If the average score of a firm in environmental stability (ES) & competitive advantage (CA) is -1 & -5, identify the strategic position of a firm while undertaking the SPACE Matrix.

a. Aggressive
b. Conservative
c. **Defensive (PPT Page no 530)**
d. Competitive



41. If the average score of a firm in environmental stability (ES) & competitive advantage (CA) is -5 & -1, identify the strategic position of a firm while undertaking the SPACE Matrix.

a. Aggressive
b. Conservative
c. Defensive (PPT Page no 530)
d. Competitive



42. When a division of an organization has a high relative market share and is in a fast-growing industry, it will be categorized as which type in BCG matrix?
a. Star
b. Cash cow
c. Question mark
d. Dog

Ref: Stars Units with a high market share in a fast-growing industry. The hope is that stars become the next cash cows.

43. Which matrices are also known as Portfolio matrices?

a. SPACE and BCG matrix
b. IE and BCG matrix (From 3224 Pages File)
c. TOWS and IE matrix
d. SPACE and TOWS matrix

44. Which one of the following statements best describes the sign of weakness of a company's competitive position?

a. An after-tax return-on-equity below 15% and earnings per share less than $1.00.
b. A higher cost of production and higher prices of products than the rivals.
c. A declining market share, below standard quality products and fewer sales in market. (From 3224 Pages File)
d. Lower revenues and increasing cost of inputs than the market-share leader.

45. An organization’s division that has a low relative market share position and competes in a slow-growth industry is known as:

a. Dog (From 3224 Pages File)
b. Question mark
c. Star
d. Cash cow

46. A & Ammar is the sole manufacturer of leather goods in Pakistan. This year, government has lowered tax rates for this industry. There is a possibility that new companies will enter the market to avail this opportunity. Lowering the tax rates will present which of the following to A & Ammar?

a. Strength
b. Weakness
c. Opportunity
d. Threat (From 3224 Pages File)

47. On the x-axis of the IE Matrix, an IFE total weighted score of a firm is 3.5 represents that firm has:

a. A strong internal position (From 3224 Pages File)
b. A strong external position
c. A weak internal position
d. A weak external position

48. SPACE matrix contains four-quadrant named aggressive, conservative, defensive, or competitive strategies. The axes of SPACE matrix represent which of the following two external dimensions?

a. CA & IS
b. FS & CA
c. FS & ES
d. ES & IS (Lecture no 25 Page no 100)

49. SPACE matrix contains four-quadrant named aggressive, conservative, defensive, or competitive strategies. The axes of SPACE matrix represent which of the following two internal dimensions?

a. CA & IS
b. **FS & CA (Lecture no 25 Page no 100)**
c. FS & ES
d. ES & IS

50. On the x-axis of IE Matrix, an IFE total weighted score of 1.50 depicts what?

a. A weak internal position (From 3224 Pages File)
b. An average internal position
c. A strong internal position
d. A low internal position

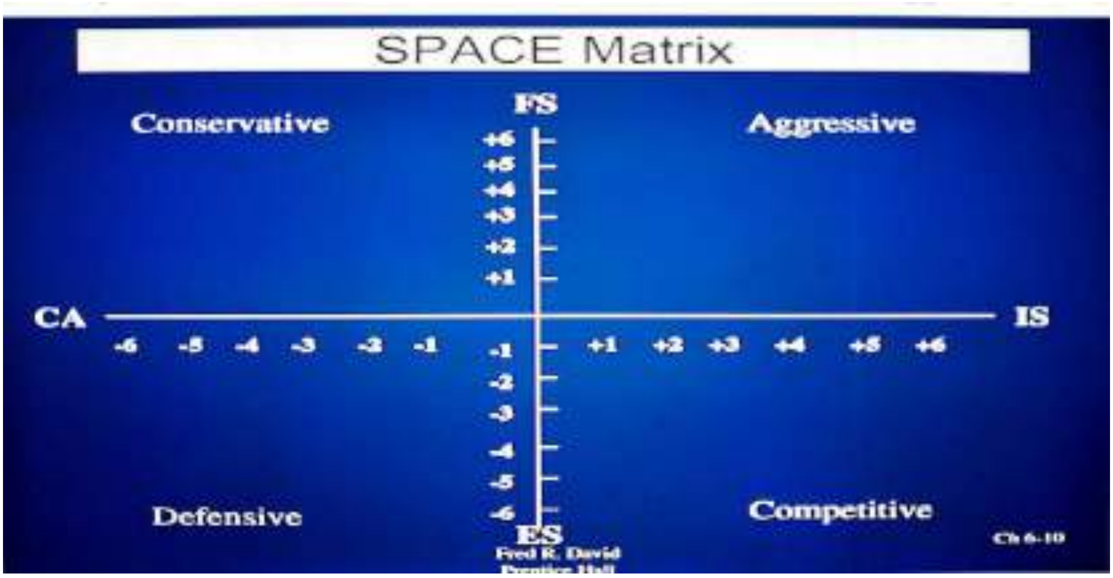
51. On the y-axis of IFE Matrix, an EFE total weighted score of 3.97 is considered what?

a. Low
b. Medium
c. High
d. Weak

Reference: On the x-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong. On the y-axis, an EFE total weighted score of 1.0 to 1.99 is considered low; a score of 2.0 to 2.99 is medium; and a score of 3.0 to 4.0 is high.

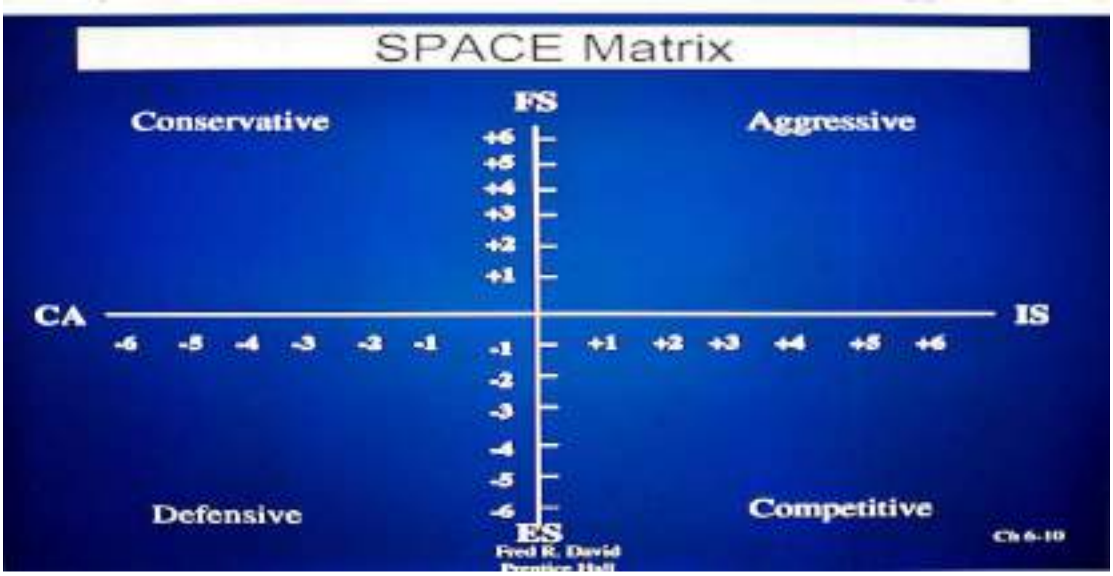
52. If the average score of a firm in & competitive advantage (CA) & financial strength (FS) is -2 & +4, identify the strategic position of a firm while undertaking the SPACE Matrix.

a. Aggressive
b. **Conservative (PPT Page no 530)**
c. Defensive
d. Competitive



53. If the average score of a firm in competitive advantage (CA) & financial strength (FS) is -5 & +2, identify the strategic position of a firm while undertaking the SPACE Matrix.

a. Aggressive
b. **Conservative (PPT Page no 530)**
c. Defensive
d. Competitive



54. The Boston Consulting Group (BCG) Matrix falls in which one of the following stages in comprehensive strategy formulation framework?

a. Stage-1&2
b. Stage-2 (Matching stage) (Lesson no 23 Page no 97 Handouts)
c. Stage-1 (Input stage)
d. Stage-3 (Decision stage)

55. The SPACE matrix of XYZ company shows that the coordinates of its directional vector are (-5, -5). What strategy would you recommend for the ABC Company?

a. Concentric diversification (From 3224 Pages File)
b. Market development
c. Backward integration
d. Joint venture

56. The Internal-External (IE) Matrix falls in which one of the following stages in comprehensive strategy formulation framework?

a. Stage-1&2
b. Stage-2 (Matching stage) (Lesson no 23 Page no 97 Handouts)
c. Stage-1 (Input stage)
d. Stage-3 (Decision stage)

57. The Strategic Position and Action Evaluation (SPACE) Matrix falls in which one of the following stages in comprehensive strategy formulation framework?

a. Stage-1&2
b. Stage-2 (Matching stage) (Lesson no 23 Page no 97 Handouts)
c. Stage-1 (Input stage)
d. Stage-3 (Decision stage)

58. In which one of the following businesses, a firm's cash needs are high while cash generation is low in BCG matrix portfolio?

a. Question marks
b. Dogs (Conceptual Read Lecture no 29 Page no 108 Handouts and See PPT Page no 535)
c. Stars
d. Cash cows

59. ABC firm is facing high production costs in Pakistan due to expensive raw material. The firm is formulating a strategy of capturing European market because of low priced raw material and high demand of their products in Europe. Keeping in view the mentioned situation which of the following strategies ABC firm must pursue?

a. WO Strategy
b. SW Strategy
c. ST Strategy
d. WT Strategy (From 3224 Pages File)

Ref: http://www.docstoc.com/docs/23483705/St Managmentquaiz-and-importand-que

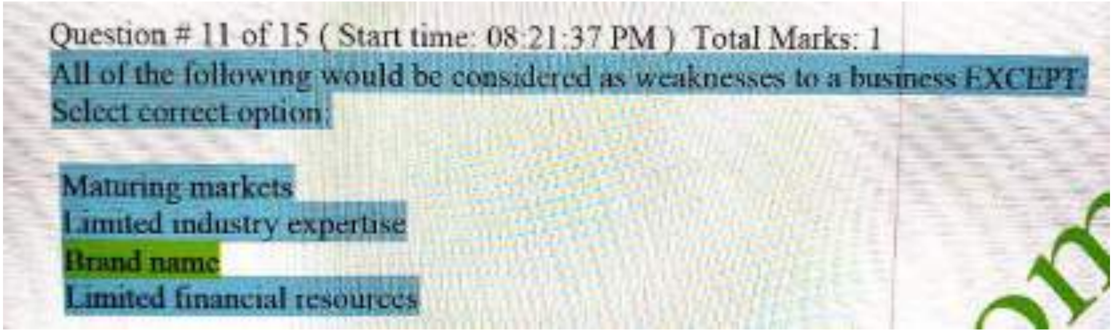
60. Which one of the following is a reason for NOT choosing relative market share in BCG matrix than profits?

a. It carries less information than just cash flow
b. It shows where the brand is positioned against competitors
c. It indicates where it might be likely to go in the future
d. It can also show what type of marketing activities

Reference:
The reason for choosing relative market share, rather than just profits, is that it carries more information than just cash flow.

61. All of the following would be considered as weaknesses to a business EXCEPT:

a. Brand name
b. Limited industry expertise
c. Maturing markets
d. Limited financial resources


Question # 11 of 15 (Start time: 08:21:37 PM) Total Marks: 1
All of the following would be considered as weaknesses to a business EXCEPT:
Select correct option:

Maturing markets
Limited industry expertise
Brand name
Limited financial resources

62. A firm's division with a high relative market share position in a low-growth industry can be referred to which of the following category?

a. Question mark
b. Dog
c. Cash cow (PPT Page no 535)
d. Star

63. All of the following strategies are recommended to be perused by Question Mark divisions EXCEPT:

a. Market penetration
b. Market development
c. Horizontal integration (Read Lecture no 29 Page no 107 Handouts)
d. Product development

64. In the SPACE analysis, what does (+7, -6) coordinates depict?

a. A firm operating in a strong industry with an unstable environment (Read Conceptual Lesson no 25 Page no 100 Handouts)
b. A firm operating in a strong industry with a stable environment
c. A highly competitive firm operating in an unstable environment
d. A financially strong firm operating in an unstable environment

65. Which of the following is NOT included in SWOT Matrix?

a. Matching weaknesses and opportunities
b. Matching weaknesses and strengths
c. Matching weaknesses and threats
d. Matching strengths and threats (Conceptual Read Lecture no 24 Page no 98 Handouts)

66. On the y-axis of the IE Matrix, an EFE total weighted score of a firm is 1.7 represents that firm has:

a. A weak internal position (Read Conceptual Lesson no 28 Page no 106 Handouts)
b. A weak external position
c. A strong internal position
d. A strong external position

67. On the y-axis of the IE Matrix, an EFE total weighted score of a firm is 3.7 represents that firm has:

a. A weak internal position
b. A weak external position
c. A strong internal position (Read Conceptual Lecture no 28 Page no 106 Handouts)
d. A strong external position

FINALTERM EXAMINATION
Fall 2008
MGT603- Strategic Management (Session - 1)

Marks: 81

Question No: 1 (Marks: 1) - Please choose one
Strategic management integrates all of the following areas EXCEPT:
- Management
- Marketing
- Research and development
- **Human resource management**

Ref:
The study of strategic management integrates different topics. Different courses are integrated due to the study of this course so that businesses become successful in every sector. It integrates the following:
¾ Marketing
¾ Management
¾ Finance
¾ Research and development

Question No: 2 (Marks: 1) - Please choose one
Strategist is an individual who is involved in the strategic management process, thus may be known as:
- Member board of director
- **President**
- Division manager
- All of the given options

Ref:
Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.

Question No: 3 (Marks: 1) - Please choose one

A desired future state that the organization attempts to realize . Identify the term relevant to the given statement.
- Policy
- Procedure
- Goal

Strategy

Question No: 4 (Marks: 1) - Please choose one

Which of the following business actions is NOT considered to be unethical?

Poor product or service safety

Using non-union labor in a union shop

Misleading advertising

Too expensive products

Ref:

Some business actions always considered to be unethical include misleading advertising or labeling, causing environmental harm, poor product or service safety, padding expense accounts, insider trading, dumping banned or flawed products. In foreign markets, lack of equal opportunities for women and minorities, overpricing, hostile takeovers, moving jobs overseas, and using nonunion labor in a union shop.

Question No: 5 (Marks: 1) - Please choose one

Which type of trend can be exemplified by the increase in average level of education in a society?

Cultural

Technological

Economic

Social

Question No: 6 (Marks: 1) - Please choose one

Allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization is known as:

Investment decisions

Financing decisions

Restructuring decisions

Strategic decision

Ref:

The investment decision, also called capital budgeting, is the allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization. Once strategies are formulated, capital budgeting decisions are required to implement strategies successfully. The financing decision concerns determining the best capital structure for the firm and includes examining various methods by which the firm can raise capital (for example, by issuing stock, increasing debt, selling assets, or using a combination of these approaches). The financing decision must consider both short-term and long-term needs for working capital. Two key financial ratios that indicate whether a firm's financing decisions have been effective are the debt-to-equity ratio and the debt-to-total-assets ratio.

Question No: 7 (Marks: 1) - Please choose one

All of the following fall under the category of Process function of production management EXCEPT:

Choice of technology

Quality assurance

Process flow analysis

Transportation analysis

Ref:

Process decisions concern the design of the physical production system. Specific decisions include choice of technology, facility layout, process flow analysis, facility location, line balancing, process control, and transportation analysis.

Question No: 8 (Marks: 1) - Please choose one

A planned activity aimed at discovery of new knowledge with the hope of developing new or improved products and services and translation of its findings into a plan or design of new or improved products and services is known as:

Marketing
Research and development
Production
Management information system

Question No: 9 (Marks: 1) - Please choose one

_________________ become/s information only when it/they is/are evaluated, filtered, condensed, analyzed and organized for a specific purpose, problem, individual, or time.

Material
Data
Competitive advantages
Competitor analysis

Ref:

Data becomes information only when it is evaluated, filtered, condensed, analyzed, and organized for a specific purpose, problem, individual, or time.

Question No: 10 (Marks: 1) - Please choose one

The Web sites that sell products directly to the consumers are the examples of which type of strategy?

Backward integration
Product development
Forward integration
Horizontal integration

Ref:

Product Development

Product development is a strategy that seeks increased sales by improving or modifyingpresent products or services. Product development usually entails large research and development expenditures. The U.S. Postal Service now offers stamps and postage via the Internet, which represents a product development strategy. Called PC Postage, stamps can now be obtained online from various Web sites such as stamps.com and then printed on an ordinary laser or inkjet printer. E-Stamp Corporation, Neopost, and Pitney Bowes, too, are actively pursuing product development by creating their own versions of digital stamps.

Question No: 11 (Marks: 1) - Please choose one

The extent to which a business concentrates on a narrowly defined market is best referred to as:

Niche strategy
Cost leadership strategy
Differentiation strategy
Segmentation

Question No: 12 (Marks: 1) - Please choose one

Under which of the following conditions, Concentric Diversification would be particularly an effective strategy to pursue?

When an organization has grown so large so quickly that major internal reorganization is needed
When sales of current products would increase intensively by adding the new related products
When revenues from current products/services would increase significantly by adding the new unrelated products
When current products are in maturity stage of the product life cycle

Ref:

Concentric Diversification
Adding new, but related, products or services
Adding new, but related, products or services is widely called concentric diversification.
Question No: 13 (Marks: 1) - Please choose one
Which of the following stages in the strategy-formulation framework focuses on summarizing the basic information needed to formulate strategies?

- Output
- **Input**
- Decision
- Matching

Ref:
Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage, Stage 1 summarizes the basic input information needed to formulate strategies.
Question No: 14 (Marks: 1) - Please choose one

Which of the following stages of Strategy Formulation Framework involves development of Internal-Factor Evaluation Matrix?

- **Input stage**
- Output stage
- Matching stage
- Decision stage

Ref:
Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage,
Question No: 15 (Marks: 1) - Please choose one
Which of the following stages of strategy formulation framework involves development of Internal External Matrix?

- Input stage
- Output stage
- **Matching stage**
- Decision stage

Ref:
Stage-2 (Matching stage)
1. TWOS Matrix (Threats-Opportunities-Weaknesses-Strengths)
2. SPACE Matrix (Strategic Position and Action Evaluation)
3. BCG Matrix (Boston Consulting Group)
4. **IE Matrix (Internal and external)**
5. GS Matrix (Grand Strategy)

Question No: 16 (Marks: 1) - Please choose one
In order to avoid the emergence of substitute products, AF & Z Corporation has an access and control over the scarce natural resources necessary for the production of their products, Which of the following strategies AF & Z is using?

- **SO**
- WO
- SW
- ST

Question No: 17 (Marks: 1) - Please choose one
What type of strategies would you recommend when a firm s SPACE Matrix directional vector has the coordinates (-2, +3)?

Aggressive
Conservative
Competitive
Defensive

Question No: 18 (Marks: 1) - Please choose one
Which of the following is NOTa step for the preparation of a SPACE matrix?

Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength
Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions
Assign weights to the variables according to their relative importance for the firm
Compute an average score and dividing by the number of variables

Ref:
Steps for the preparation of SPACE Matrix
The steps required to develop a SPACE Matrix are as follows:
1. Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength.
2. Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions. Assign a numerical value ranging from -1 (best) to -6 (worst) to each of the variables that make up the environmental stability and competitive advantage dimensions.
3. Compute an average score and dividing by the number of variables
4. Plot the average scores in the SPACE Matrix.
5. Add the two scores on the x-axis and plot the resultant point on X. Add the two scores on the y-axis and plot the resultant point on Y. Plot the intersection of the new xy point.
6. Draw a directional vector from the origin of the SPACE Matrix through the new intersection point. This vector reveals the type of strategies recommended for the organization: aggressive, competitive, defensive, or conservative.

Question No: 19 (Marks: 1) - Please choose one
The business has a strong competitive position but is in a slow-growth industry. Further, the business typically has high cash flow levels and limited internal growth needs. The statement refers which of the following?

The firm falling in Quadrant I of Grand Strategy Matrix
The firm falling in Quadrant II of Grand Strategy Matrix
The firm falling in Quadrant III of Grand Strategy Matrix
The firm falling in Quadrant IV of Grand Strategy Matrix

Ref:
Qurdant-4 contains that company’s strong competitive situation and slow market growth. Finally, Quadrant IV businesses have a strong competitive position but are in a slow-growth industry. These irms have the strength to launch diversified programs into more promising growth areas. Quadrant IV irms have characteristically high cash flow levels and limited internal growth needs and often can pursue concentric, horizontal, or conglomerate diversification successfully. Quadrant IV firms also may pursue joint ventures

Question No: 20 (Marks: 1) - Please choose one
What is the product of weights and attractiveness scores for each strategy in

QSPM?

Sum total attractiveness scores
Total attractiveness scores
Weighted scores
Total weighted scores

Question No: 21 (Marks: 1) - Please choose one
Which of the following is a Functional level objective?

Achieving return on investment of at least 15%
Aiming to achieve a market share of 10%
Attaining operating profit of over Rs.10 million
Increase earnings per share by at least 10% every

Ref:
(2) Functional level
E.g. specific objectives for marketing activities
Examples of functional marketing objectives" might include:
• We aim to build customer database of at least 250,000 households within the next 12 months
• We aim to achieve a market share of 10%
• We aim to achieve 75% customer awareness of our brand in our target markets
Both corporate and functional objectives need to conform to the commonly used SMART criteria.

Question No: 22 (Marks: 1) - Please choose one
Which of the following is a Corporate level objective?

Getting 75% customer awareness of company s brand in target markets
Increasing earnings per share by at least 10%
Building customer database of at least 250,000 companies
Achieving a 10% share of International market

Ref:
(1) Corporate level
These are objectives that concern the business or organization as a whole
Examples of "corporate objectives might include:
• We aim for a return on investment of at least 15%
• We aim to achieve an operating profit of over £10 million on sales of at least £100 million
• We aim to increase earnings per share by at least 10% every year for the foreseeable future

Question No: 23 (Marks: 1) - Please choose one
The manager of MZ firm has defined the goal that the firm wants to increase its production by at least 200 units in size. Thus, which part of the SMART criteria has been focused by the firm through this goal statement?

Specific
Measurable
Achievable
Relevant

Ref:
Specific - the objective should state exactly what is to be achieved.

Question No: 24 (Marks: 1) - Please choose one
Mr. Ali, the operations manager of ABC Company did not agree with the proposal of marketing manager - Mr. Zeeshan at the meeting regarding launch of a new product.

There was an exchange of hot word among them. The matter was referred to CEO, so that the conflict could be resolved, but the CEO did not take any action in the hope that the conflict will resolve itself. The statement describes which of the conflict resolution mood?

Avoidance
Compliance
Diffusion
Confrontation

Question No: 25 (Marks: 1) - Please choose one

Ahmad fisheries is going to arrange a meeting with AH& T distributors so that the matters regarding wrong delivery by AH & T and conflict arising from it can be settled. Which of the following conflict resolving approach is followed in the situation?

Avoidance
Confrontation
Resistance
Diffusion

Question No: 26 (Marks: 1) - Please choose one

Why do changes in company strategy often require changes in the way an organization is structured?

Because structure depicts how goals will be established
Because structure dictates how authorities will be delegated
Because structure dictates how resources will be obtained
Because structure dictates how financial resources are spent

Question No: 27 (Marks: 1) - Please choose one

Which one of the following is the organizational structure that most of the medium-size organizations follow?

Divisional structure
Strategic business unit
Functional structure
Matrix structure

Ref:

Medium-size firms tend to be divisionally structured (decentralized).

Question No: 28 (Marks: 1) - Please choose one

Of the following, which one is least likely to be considered an advantage presented by a matrix organizational structure?

It facilitates the use of highly specialized staff and equipment
It minimizes the project cost because the key people can be shared
It can raise dual reporting and communication problems
It provides excellent training ground for strategic managers

Ref:

Some advantages of a matrix structure are that project objectives are clear, there are many channels of communication, workers can see visible results of their work, and shutting down a project can be accomplished relatively easily.

Question No: 29 (Marks: 1) - Please choose one

Zairian Corporation has streamlined its operations by cutting costs, such as decrease in payroll or reduction in its size through the sale of assets. In which of the following activity Zaria Corporation is involved?

E-Engineering
Re-engineering
Restructuring

Benchmarking

Ref:

Benchmarking simply involves comparing a firm against the best firms in the industry on a wide variety of performance-related criteria. Some benchmarking ratios commonly used in rationalizing the need for restructuring are headcount-to-sales-volume, or corporate-staff-to-operating-employees, or span-of-control figures.
The primary benefit sought from restructuring is cost reduction.

Question No: 30 (Marks: 1) - Please choose one

Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?

Do employees understand the plan?
Is the plan improving communications?
Does the plan pay out when it should?
Does the plan reduce management layers?

Question No: 31 (Marks: 1) - Please choose one

All of the following are the managerial issues for managing natural environment EXCEPT:

Global warming- depletion of rain forests
Employee understanding about environment
Developing biodegradable products and packages
Waste management to clean air and water

Ref:

Special natural environmental issues include ozone depletion, global warming, depletion of rain forests, destruction of animal habitats, protecting endangered species, developing biodegradable products and packages, waste management, clean air, clean water, erosion, destruction of natural resources, and pollution control.

Question No: 32 (Marks: 1) - Please choose one

Production processes typically constitute of what percentage of firm s total assets?

More than 70 %
More than 65 %
More than 60 %
More than 55 %

Ref:

Production processes typically constitute more than 70 percent of a firm's total assets

Question No: 33 (Marks: 1) - Please choose one

Which one of the following is TRUE about two different market segments?

They can be served with the same marketing strategy
They usually require different marketing strategies
They are always in different geographic locations
There is heterogeneity within the segment in its needs

Question No: 34 (Marks: 1) - Please choose one

XYZ Company has segmented its market by keeping in view occupation and education level of customers. Which of the following bases of segmentation the company has used?

Demographic
Psychographic

Behavioral
Geographic

Ref:

Demographic Segmentation

Some demographic segmentation variables include:

- Age
- Gender
- Family size
- Family lifecycle
- Generation: baby-boomers, Generation X, etc.
- Income
- Occupation
- Education
- Ethnicity
- Nationality
- Religion
- Social class

Question No: 35 (Marks: 1) - Please choose one

Which variable would be considered as a part of pricing decisions?

Warranty
Bundling
Safety
Functionality

Ref:

Price Decisions

Some examples of pricing decisions to be made include:

- Pricing strategy (skim, penetration, etc.)
- Suggested retail price
- Volume discounts and wholesale pricing
- Cash and early payment discounts
- Seasonal pricing
- Bundling
- Price flexibility
- Price discrimination

Question No: 36 (Marks: 1) - Please choose one

Which of the following statement is TRUE about 'firm infrastructure' as a support activity of Michael Porter's value chain model?

It includes procurement of raw materials, servicing, spare parts, buildings, machines
It Includes technology development to support the value chain activities like
Process automation
It includes the activities associated with recruiting and development of employees and managers
It includes general management, planning management, legal, finance, accounting, public affairs

Ref:

- **Support activities (Staff functions, overhead)**

o Procurement. Procurement of raw materials, servicing, spare parts, buildings, machines, etc.
o **Technology Development.** Includes technology development to support the value chain

activities. Such as: Research and Development, Process automation, design, redesign.
o Human Resource Management. The activities associated with recruiting, development (education), retention and compensation of employees and managers.

- **Firm Infrastructure**. Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.

Question No: 37 (Marks: 1) - Please choose one
Which of the following statement is correct about human resource management?

It includes procurement of raw materials, servicing, spare parts, buildings, machines
It Includes technology development to support the value chain activities like Process automation
It includes the activities associated with recruiting and development of employees and managers
It includes general management, planning management, legal, finance, accounting, public affairs

Ref:

- **Human Resource Management.** The activities associated with recruiting, development (education), retention and compensation of employees and managers

Question No: 38 (Marks: 1) - Please choose one
All of the following are the cost drivers of Porter s supply chain activities EXCEPT:

Capacity utilization
Timing of market entry
Economies of scale
Firm's infrastructure

Ref:
Porter identified 10 cost drivers related to value chain activities:

1. Economies of scale.
2. Learning.
3. Capacity utilization.
4. Linkages among activities.
5. Interrelationships among business units.
6. Degree of vertical integration.
7. Timing of market entry.
8. Firm's policy of cost or differentiation.
9. Geographic location.
10. Institutional factors (regulation, union activity, taxes, etc.).

Question No: 39 (Marks: 1) - Please choose one
Which one of the following is NOT considered as a difficulty in evaluation of strategies?

Increase in environment s complexity
Difficulty predicting future with accuracy
Decreasing number of variables
Rate of obsolescence of plans

Question No: 40 (Marks: 1) - Please choose one
Which of the following statement is TRUE about Controls which are used in strategy evaluation stage?

They are strategy-oriented
They are action-oriented
They are control-oriented
They are information-oriented

Ref:

Controls need to be action-oriented rather than information-oriented.
Question No: 41 (Marks: 1) - Please choose one
A good evaluation system must posses various qualities. Which of the following is not a characteristic of a good strategy evaluation system?

- Strategy-evaluation activities must be economical
- Strategy-evaluation activities should be meaningful
- **Strategy-evaluation activities should dominate the decisions**
- Strategy-evaluation activities should provide timely information

Ref:
. First, strategy-evaluation activities must **be economical**; too much information can be just as bad as too little information; and too many controls can do more harm than good. Strategy-evaluation activities also should **be meaningful;** they should specifically relate to a firm's objectives. They should provide managers with useful information about tasks over which they have control and influence.
Strategy-evaluation activities should provide **timely information**; on occasion and in some areas, managers may need information daily.
Question No: 42 (Marks: 1) - Please choose one
The people who perform audit can be categorized as all of the following EXCEPT:

- Independent auditors
- **Financial auditors**
- Government auditors
- Internal auditors

Ref: People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.
Question No: 43 (Marks: 3)
If you construct a SPACE Matrix and the directional vector points to the lower left quadrant, what type of strategies would you recommend?
Question No: 44 (Marks: 3)
Define Functional level objectives. Provide at least two statements exemplifying such objectives.
Question No: 45 (Marks: 3)
Auditors who perform audit can be divided into three groups? Identify and define each of them.
Question No: 46 (Marks: 5)
Identify the five steps that must be followed while developing an IE Matrix.
Question No: 47 (Marks: 5)
Positioning is actually the way that a product is introduced to its market audience.
What are the five steps required for effective product positioning?
Question No: 48 (Marks: 10)
You are the business executive of Omar textiles Mills. You are asked to evaluate the strengths, weaknesses, opportunities and threats of the firm and develop altogether different strategies by using different combinations of any two of these.
Question No: 49 (Marks: 10)
Quantitative Strategic Planning Matrix (QSPM) is a high-level strategic management approach for evaluating possible strategies. You are required to prepare a (QSPM) of XYZ Manufacturing Company for evaluating any two strategies?

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Fall 2008
MGT603- Strategic Management (Session - 2)

Marks: 81

Question No: 1 (Marks: 1) - Please choose one
R&D expertise should be obtained through acquisition of a well-established firm in the industry in which of the following situation?
If both technical progress and market growth are fast
If technology is changing slowly but the market is growing fast
If the technical progress is slow, market growth the rate is moderate
If technology is changing rapidly and the market is growing slowly

Question No: 2 (Marks: 1) - Please choose one
A desired future state that the organization attempts to realize . Identify the term relevant to the given statement.
Policy
Procedure
Goal
Strategy

Question No: 3 (Marks: 1) - Please choose one
The purpose of a mission statement is to declare all of the following EXCEPT:
A reason of being
A statement of purpose
An annual financial plan
A statement of beliefs

Question No: 4 (Marks: 1) - Please choose one
Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much , this is the effect of which of the following forces?
Economic forces
Social, cultural, and demographic forces
Technological forces
Competitive forces

Question No: 5 (Marks: 1) - Please choose one
Which of the following can be considered as barriers to entering a market or industry?
The lack of economies of scale and experience and low levels of brand loyalty
The presence of large number of rivals already in the industry
Relatively large capital requirements and industry have economies of scale
The absence of tariffs, trade restrictions, and/or government-mandated regulations

Question No: 6 (Marks: 1) - Please choose one
Which one of the statements is a good example of the competitive power of substitute products?
The competition between contact lens and eyeglasses
The competition between Amazon.com and traditional off-line bookstores
The competition between cellular phones and computers
The competition between Aspirin and joshanda

Question No: 7 (Marks: 1) - Please choose one
Assigning 1 rating to a key external factor indicates that:

Response is average
Response is poor
Response is superior
Response is above average
Question No: 8 (Marks: 1) - Please choose one
What is the difference between CPM and EFE?
CPM includes both internal and external issues
The weight and total weighted score mean opposite
CPM ratings range from 1 to 10
CPM is performed only for the large businesses
Question No: 9 (Marks: 1) - Please choose one
Which of the following can be the strength of an organization?
A developing market
A new international market
Loosening of regulation
Strong management team
Question No: 10 (Marks: 1) - Please choose one
Max Rent-a-Car is opening car rental shops in Wal-Mart stores, is an example of which type of strategy?
Forward integration
Backward integration
Related diversification
Unrelated diversification
Question No: 11 (Marks: 1) - Please choose one
Which of the followings involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels?
Innovation
Differentiation
Product development
Market development
Question No: 12 (Marks: 1) - Please choose one
Abdullah Group of Industries is involved in the sale of its marginal business. It is most likely to say that Abdullah Group is implementing ______________________ strategy.
Join venture
Acquisition
Liquidation
Retrenchment
Explanation: Retrenchment can entail selling off land and buildings to raise needed cash, pruning product lines, closing marginal businesses, closing obsolete factories, automating processes, reducing the number of employees, and instituting expense control systems.
Question No: 13 (Marks: 1) - Please choose one
Which strategy should be implemented when a division is responsible for an Organization's overall poor performance?
Divestiture
Forward integration
Cost leadership
Related diversification

Question No: 14 (Marks: 1) - Please choose one
Matching stage of strategy formulation framework comprises of formulation of which of the following set of matrices?
BCG, SPACE, QSPM matrix
BCG, SPACE, TWOS Matrix
SPACE, TWOS and IFE matrix
BCG, SPACE, EFE Matrix
Question No: 15 (Marks: 1) - Please choose one
Other than ranking strategies to achieve the prioritized list, only one analytical technique in strategy formulation which is designed to determine the relative attractiveness of feasible alternative actions is known as:
SPACE
QSPM
IFE
CPM
Explanation: QSPM stands for **Quantitative Strategic Planning Matrix.** A quantitative method used to collect data and prepare a matrix for strategic planning. It is based on identified internal and external crucial success factors.
Question No: 16 (Marks: 1) - Please choose one
ABC Corporation can have competitive advantage over its competitor by taking all of the following actions EXCEPT:
By increasing product quality
By having debt to equity ratio=1
By altering product life cycle
By increasing customer base
Question No: 17 (Marks: 1) - Please choose one
What type of strategies would you recommend when a firm s SPACE Matrix directional vector has the coordinates (-4, -4)?
Aggressive
Conservative
Competitive
Defensive
Question No: 18 (Marks: 1) - Please choose one
A position vector with (-6, +6) coordinates describes which one of the following statement regarding SPACE analysis matrix?
A financially weak and highly competitively firm
A financially strong and highly competitively firm
A Financially strong firm but competitively weak
A financially as well as competitively weak firm
Question No: 19 (Marks: 1) - Please choose one
Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:
New investments
Production efficiency
Distribution efficiency
Product innovation
Question No: 20 (Marks: 1) - Please choose one

On the x-axis of IE Matrix, an IFE total weighted score of 3.75 depicts what?
A weak internal position
An average internal position
A strong internal position
A low internal position
Explanation: On the x-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.
Question No: 21 (Marks: 1) - Please choose one
Which of the following is TRUE about weights assigned in QSPM?
This refers to preference assigned to the internal and external factors
This refers to relative importance of the internal and external factors
This refers to the insignificance of the internal and external factors
This refers to the relative size of the internal and external factors
Question No: 22 (Marks: 1) - Please choose one
What can be the limitation of QSPM?
Only a few strategies can be evaluated simultaneously
The cost of doing the analysis is very high
Intuitive judgments and educated assumption are required
It requires equal participation of everyone in organization
Question No: 23 (Marks: 1) - Please choose one
Which of the following is NOT a part of resource allocation plan?
Basic allocation decision
Contingency mechanisms
Primary allocation mechanism
None of the given options
Explanation: In strategic planning, a resource-allocation decision is a plan for using available resources, especially human resources especially in the near term, to achieve goals for the future. It is the process of allocating resources among the various projects or business units. The plan has two parts: Firstly, there is the basic allocation decision and secondly there are contingency mechanisms.
Question No: 24 (Marks: 1) - Please choose one
Which one of the following is not an approach to resolve conflicts?
Avoidance
Defusion
Confrontation
Ignorance
Question No: 25 (Marks: 1) - Please choose one
Which approach for managing and resolving conflict involves playing down differences between conflicting parties while stressing on similarities and common interests?
Avoidance
Compliance
Defusion
Confrontation
Question No: 26 (Marks: 1) - Please choose one
Which of the following is best identified as being an adaptation of the divisional structure?
Vertical Integration
Strategic business units

Joint venture
None of the given options
Rationale: Medium-size firms tend to be divisionally structured (decentralized). Whereas above mentioned 3 form of organizations fall under the category of large size organizations which adopt SBU.
Question No: 27 (Marks: 1) - Please choose one
All of the following would be considered as true statements regarding the matrix organizational structure EXCEPT which one?
It reduces managerial positions
It shares authority and responsibility among managers
It distributes stress among the team members
It maintains better balance between time and performance
Rationale: A matrix structure can result in higher overhead because it creates more management positions.
Question No: 28 (Marks: 1) - Please choose one
The inventory is viewed as which of the following in Just In Time Inventory system:
Incurring costs
Adding value
Disburse expense
None of the given options
Explanation: First off inventory is seen as incurring costs instead of adding value, contrary to traditional thinking. Therefore, under the philosophy businesses are encouraged to eliminate inventory that doesn't add value to the product.
Question No: 29 (Marks: 1) - Please choose one
What is NOT a major benefit of having a diverse workforce?
Improvement of the bottom line
An increase in training costs
An increase in productivity
A decrease in complaints
Question No: 30 (Marks: 1) - Please choose one
Market segmentation is especially used in implementing strategies by which of the following firms?
Small firms
Large firms
Medium-size firms
All of the given options
Reference: Market segmentation is widely used in implementing strategies, especially for small and specialized firms. Market segmentation can be defined as the subdividing of a market into distinct subsets of customers according to needs and buying habits.
Question No: 31 (Marks: 1) - Please choose one
All of the following are the requirements for successful segmentation EXCEPT:
Segment is large enough to be profitable
Homogeneity between the segments
Segments are accessible and actionable
Heterogeneity between segments
Rationale: Homogeneity within the segment
Question No: 32 (Marks: 1) - Please choose one
The process of dividing markets into groups of consumers who are similar to each other .Which of the following terms describes the statement?

Positioning
Segmentation
Marketing
Targeting
Question No: 33 (Marks: 1) - Please choose one
Which of the following statements is FALSE about mass marketing?
Mass marketing reduces costs through economies of scale by the increased volume
Mass marketing does not try to please all customers with same offering
Mass marketing allows economies of scale to be realized through mass production
Mass Marketing means attempting to sell the same product to a wider audience
Rationale: The drawback of mass marketing is that customer needs and preferences differ and the same offering is unlikely to be viewed as optimal by all customers.
Question No: 34 (Marks: 1) - Please choose one
Which of these is the most common type of budgeting time frame?
Daily
Monthly
Quarterly
Annually
Explanation: Annual budgets are most common, although the period of time for a budget can range from one day to more than ten years.
Question No: 35 (Marks: 1) - Please choose one
At least how many R & D approaches are used for the implementation of strategy?
Three
Four
Five
Two
Question No: 36 (Marks: 1) - Please choose one
Which one of the following is not a rivalry determinant of Porter s model?
Differentiation of inputs
Industry growth
Diversity of competitors
Switching costs
Rationale: It is threat of substitute product.
Question No: 37 (Marks: 1) - Please choose one
What is the purpose of strategy evaluation?
Increase the budget annually
Alert management of problems
Make budget changes
Evaluate employees performance
Question No: 38 (Marks: 1) - Please choose one
All of the following are the examples of technology development EXCEPT:
Research and Development
Quality management
Process automation
Design and redesign
Question No: 39 (Marks: 1) - Please choose one

Strategy evaluation is based on which of the following?
Quantitative and empirical criteria
Empirical and qualitative criteria
Qualitative and objective criteria
Qualitative and quantitative criteria
Question No: 40 (Marks: 1) - Please choose one
Which of the following statement is TRUE about most of the quantitative criteria of evaluating strategies?
These are geared to annual objective
These are geared to short-term objective
These are geared to long-term objective
These are geared to social objectives
Reference: most quantitative criteria are geared to annual objectives rather than long-term objectives.
Question No: 41 (Marks: 1) - Please choose one
What is the basis for quantitative financial evaluation?
The EPS/EBIT Analysis
Capital Asset Pricing Model
Financial ratios
Present value analysis
Explanation: Quantitative criteria commonly used to evaluate strategies are financial ratios, which strategists use to make three critical comparisons:
Question No: 42 (Marks: 1) - Please choose one
The people who perform audit can be categorized as all of the following EXCEPT:
Independent auditors
Financial auditors
Government auditors
Internal auditors
Question No: 43 (Marks: 3)
Formulation framework is considered to be the input stage of a Comprehensive Strategy-Formulation Framework. You are required to identify the strategy formulation tools included in this stage.
Question No: 44 (Marks: 3)
One of the approaches to implement change says: People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions. Identify that approach and explain.
Question No: 45 (Marks: 3)
Net worth can be used to determine credit worthiness because it gives a snapshot of the company's investment history. Identify three approaches for determining the worth of a business.
Question No: 46 (Marks: 5)
Explain the benefits and limitations of developing a Boston Consulting Group Matrix.
Question No: 47 (Marks: 5)
Describe the kind of strategy-evaluation system, a large and a small organization require?
Question No: 48 (Marks: 10)
Suppose you are a strategist in a company and you want to evaluate the effectiveness of your contingency planning? How will you do it?
Question No: 49 (Marks: 10)

The Management of Voyager Pvt.Ltd. has been facing a decline in sales and profits since 9 months due to strong competitors. Now the management has decided to restructure the company. You being a management consultant are required to guide them in the following areas:

The process of restructuring. (2)

In which cases they should use this option? (2)

What would be the benefits of restructuring to the organization? (3)

What possible actions the management should take while restructuring the company? (3)

FINALTERM EXAMINATION
Spring 2010
MGT603- Strategic Management

Question No: 1 (Marks: 1) - Please choose one
Strategist is an individual who is involved in the strategic management process, thus may be known as:
► Member board of director
► **President**
► Division manager s
► All of the given options
Ref: Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.
Question No: 2 (Marks: 1) - Please choose one
The objectives set by a manager should have which of the following characteristics?
► Should spell out how fast the company's strategy is to be implemented
► **Should be challenging and congruent among organizational units**
► Should include long-range performance targets but not short-range targets
► Should include financial performance targets but not strategic performance targets
. Ref: Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units.

Question No: 3 (Marks: 1) - Please choose one
Which of the following is TRUE about anti-trust legislation?
► The is the law intended to protect the ozone layer in the environment
► This is the law intended to regulate the tax rates in the economy
► **This is the law intended to promote free competition in the market**
► This is the law intended to regulate and register the patents
Ref: anti trust legislation where there is an effort to ban the monopolies. Some organizations think that monopolies should be banned.

Question No: 4 (Marks: 1) - Please choose one
Financial ratios are helpful in analyzing the relationship between/among which of the following?
► All assets and liabilities
► Profits and costs
► **All functional areas of business**
► Sales and profitability
Ref: Financial ratio analysis exemplifies the complexity of relationships among the functional areas of business. A declining return on investment or profit margin ratio could be the result of ineffective marketing, poor management policies,
Question No: 5 (Marks: 1) - Please choose one
Which function of management includes areas such as job design, job specification, job analysis and unity of command?
► Planning
► Motivating
► **Organizing**
► Leading

Ref: Organizing includes all those managerial activities that result in a structure of task and authority relationships. Specific areas include organizational design, job specialization, job descriptions, job specifications, span of the control, unity of command, coordination, job design, and job analysis.

Question No: 6 (Marks: 1) - Please choose one

Distribution includes which of the following?

► Customer analysis
► **Warehousing**
► **Advertising**
► Test marketing

Ref: Distribution includes warehousing, distribution channels, distribution coverage, retail site locations, sales territories, inventory levels and location, transportation carriers, wholesaling, and retailing.

Question No: 7 (Marks: 1) - Please choose one

Opportunity analysis is one of the basic functions of which one of the following?

► Computer information systems
► **Marketing**
► Production/operations
► Research and development

Question No: 8 (Marks: 1) - Please choose one

“Max Rent-a-Car” is opening car rental shops in Wal-Mart stores, is an example of which type of strategy?

► **Forward integration**
► Backward integration
► Related diversification
► Unrelated diversification

Ref: Forward integration strategy refers to the transactions between the customers and firm forward integration strategy primarily to gain better control over prices charged to consumers.

Question No: 9 (Marks: 1) - Please choose one

_______________ refers to a strategy of seeking ownership or increased control over a firm’s competitors.

► Conglomerate diversification
► Backward integration
► **Horizontal integration**
► Concentric diversification

Ref: Horizontal integration refers to a strategy of seeking ownership of or increased control over a firm's competitors.

Question No: 10 (Marks: 1) - Please choose one

The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?

► Retrenchment
► **Horizontal diversification**
► Market development
► Horizontal integration

Ref: Horizontal Diversification: Adding new, unrelated products or services for present customers.

Question No: 11 (Marks: 1) - Please choose one

SPACE matrix has four quadrants. All of the following are SPACE Matrix quadrants EXCEPT:

► Aggressive
► Defensive

► Competitive
► Offensive
Ref: contains four-quadrant named aggressive, conservative, defensive, or competitive strategies.
Question No: 12 (Marks: 1) - Please choose one
Which of the following are the two internal dimensions represented on the axes of the SPACE Matrix?
► Environmental stability and industry strength
► Industry strength and competitive advantage
► Competitive advantage and financial strength
► Financial strength and environmental stability
Ref: SPACE Matrix represent two internal dimensions financial strength [FS] and competitive advantage [CA]) and two external dimensions (environmental stability [ES] and industry strength [IS]).
Question No: 13 (Marks: 1) - Please choose one
SPACE Matrix contains two types of dimensions. Which of the following are the two external dimensions to be considered in SPACE Matrix?
► Environmental stability and industry strength
► Environmental stability and competitive advantage
► Industry strength and competitive advantage
► Industry strength and Financial strength
Ref: SPACE Matrix represent two internal dimensions financial strength [FS] and competitive advantage [CA]) and two external dimensions (environmental stability [ES] and industry strength [IS]).
Question No: 14 (Marks: 1) - Please choose one
What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-4, -4)?
► Aggressive
► Conservative
► Competitive
► Defensive
Question No: 15 (Marks: 1) - Please choose one
BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?
► Market share and industry strength
► Market share and market growth rate
► Market growth rate and competitive position
► Market growth rate and environment stability
Ref: To use the chart, corporate analysts would plot a scatter graph of their business units, ranking their relative market shares and the growth rates of their respective industries
Question No: 16 (Marks: 1) - Please choose one
Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:
► New investments
► Production efficiency
► Distribution efficiency
► Product innovation
Ref: They depress a profitable company's return on assets ratio, used by many investors to judge how well a company is being managed. Dogs, it is thought, should be sold off.
Question No: 17 (Marks: 1) - Please choose one

When a division of an organization has a high relative market share and is in a fast-growing industry, it will be categorized as which type in BCG matrix?

- ► **Star**
- ► Cash cow
- ► Question mark
- ► Dog

Ref: Stars Units with a high market share in a fast-growing industry. The hope is that stars become the next cash cows.

Question No: 18 (Marks: 1) - Please choose one

Which of the following is the first step in developing QSPM?

- ► **Developing a list of the firm's key external and internal factors**
- ► Determining the Attractiveness Scores for each strategy
- ► Examine the Stage 2 matrices and identify alternative strategies
- ► Assigning weights to each key external and internal factor

Ref: Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength. SPACE Matrix represent two internal dimensions financial strength [FS] and competitive advantage [CA]) and two external dimensions (environmental stability [ES] and industry strength [IS]).

Question No: 19 (Marks: 1) - Please choose one

Advantages of a functional organization structure would include all EXCEPT which one of the following?

- ► Promotes division and specialization of labor
- ► Promotes functional rivalry
- ► Promotes economic efficiency
- ► **Promotes delegation of authority**

Ref:Besides being simple and inexpensive, a functional structure also promotes specialization of labor, encourages efficiency, minimizes the need for an elaborate control system, and allows rapid decision making. Some disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, and is sometimes characterized by low employee morale, line/staff conflicts, poor delegation of authority, and inadequate planning for products and markets. (Farzana)

Question No: 20 (Marks: 1) - Please choose one

Which one of the following is the organizational structure that most of the medium-size organizations follow?

- ► **Divisional structure**
- ► Strategic business unit
- ► Functional structure
- ► Matrix structure

Ref: Small firms tend to be functionally structured (centralized).
Medium-size firms tend to be divisionally structured (decentralized).
Large firms tend to use an SBU (strategic business unit) or matrix structure

Question No: 21 (Marks: 1) - Please choose one

A divisional structure by geographic area is most appropriate in which of the following situation?

- ► **Organizations have similar branch facilities in dispersed areas**
- ► Organization offers a limited number of products or services
- ► Organization needs strict control over product lines
- ► Organization has to serve a large geographic area

Ref: This type of structure can be most appropriate for organizations that have similar branch facilities located in widely dispersed areas

Question No: 22 (Marks: 1) - Please choose one

Which of the following is best identified as being an adaptation of the divisional structure?

- ► Vertical Integration
- ► **Strategic business units**
- ► Joint venture
- ► None of the given options

Question No: 23 (Marks: 1) - Please choose one

“Performance comparison of organization business processes against an internal or external standard of recognized leaders.” Identify the term relevant to the specified statement.

- ► Restructuring
- ► Process redesign
- ► Reengineering
- ► **Benchmarking**

Reference (vuzs, us)

Question No: 24 (Marks: 1) - Please choose one

After completing an EPS/EBIT analysis, what conclusions would you make?

- ► **Debt appears to be the best financing alternative**
- ► Stock would be the best financing alternative
- ► Combination of debt and stock is the best financial alternative
- ► Dividends must be considered before concluding

Question No: 25 (Marks: 1) - Please choose one

What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

- ► Financial budgeting
- ► TOWS analysis
- ► **Projected financial statement**
- ► External analysis

REF: Pro forma (projected) financial statement analysis is a central strategy-implementation technique because it allows an organization to examine the expected results of various actions and approaches.

Question No: 26 (Marks: 1) - Please choose one

Retained earnings are obtained by subtracting which of the two items?

- ► **Dividends from Net Income**
- ► EBIT from Net Income
- ► Taxes from EBIT
- ► Interest Expense from EBIT

Ref: Formula of Retained Earning= Net Income - Dividends

Question No: 27 (Marks: 1) - Please choose one

XYZ Company has controlled its distributors so that no other firm can access the scarce natural resources available in the country, which are used in XYZ’s production. This action is taken in order to reduce which of the following:

- ► The bargaining power of customers
- ► The bargaining power of suppliers
- ► **The threat of new entrants**
- ► The threat of substitute products

Ref: The threat of new entrants
o the existence of barriers to entry
o economies of product differences

o brand equity
o switching costs
o capital requirements
o access to distribution
o absolute cost advantages
o learning curve advantages
o expected retaliation
o government policies

Question No: 28 (Marks: 1) - Please choose one

While evaluating a strategy, corrective actions are almost always needed EXCEPT:

- ► **When external and internal factors have not significantly changed**
- ► When the firm is not progressing satisfactorily toward objectives
- ► When the firm has not achieved the stated organizational goals
- ► When there are differences between desired results and achieved results

Ref: Notice that corrective actions are almost always needed except when External and internal factors have not significantly changed and the firm is progressing satisfactorily toward achieving stated objectives. Comparing expected results with actual results.(Page no.146) (vuzs, us)

Question No: 29 (Marks: 1) - Please choose one

Outbound logistics includes which one of the following?

- ► Receiving, storing, inventory control, transportation planning.
- ► Machining, packaging, assembly, equipment maintenance, testing
- ► **Activities required to get the finished product at the customers**
- ► Activities that maintain and enhance the product's value

Ref: Outbound Logistics. The activities required to get the finished product at the customers: Warehousing, order fulfillment, transportation, distribution management.

Question No: 30 (Marks: 1) - Please choose one

Which of the following statement is correct about operations?

- ► It includes receiving, storing, inventory control & transportation planning
- ► **It includes machining, packaging, assembling, maintaining equipment testing**
- ► It includes the activities required to get the finished product at the customers
- ► It includes the activities that maintain and enhance the product's value

Ref: Operations. Include machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product.

Question No: 31 (Marks: 1) - Please choose one

All of the following are support activities of Porter's supply chain model EXCEPT:

- ► Firm Infrastructure
- ► **Marketing and Sales primary activity**
- ► Technology Development
- ► Procurement

Ref: Support activities (Staff functions, overhead) Procurement, Technology Development, Human Resource Management. Firm Infrastructure

Question No: 32 (Marks: 1) - Please choose one

The product design, packaging, product disposal and corporate rewards should reflect which of the following?

- ► Product quality consideration
- ► Union consideration

► Environmental consideration
► Customer consideration
Ref: Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations.
Question No: 33 (Marks: 1) - Please choose one
Adapting to change confronts an organization's strategic management to which of the following issue(s):
► What kind of business we should be in?
► Are we in the right field?
► Should we reshape our business?
► All of the given options
Ref: change. The need to[adapt to change leads organizations to key strategic management questions, such as "What kind of business should we become?" "Are we in right field?" "Should we reshape our business?" "Are new technologies being developed that could put us out of business?"(Page no.06) (vuzs,us)
Question No: 34 (Marks: 1) - Please choose one
Which of the following is TRUE about Vision statement of a company?
► It defines the customers
► It concentrates on future
► It identifies critical processes
► It informs about the desired level of performance
Ref: Many organizations today develop a "vision statement" which answers the question, what do we want to become?
Question No: 35 (Marks: 1) - Please choose one
Mission of a business is the foundation of all of the following EXCEPT:
► Priorities
► Strategies
► Plans
► Wages
Rationale : wages are short term plans or objectives where as mission statement addresses long term goals and plans.
Question No: 36 (Marks: 1) - Please choose one
Which of the following is FALSE about vision and mission statements?
► Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future
► A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does
► Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become
► Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective.
Ref: Mission describes the overall purpose and vision describes the picture of preferred future.
Question No: 37 (Marks: 1) - Please choose one
The in-house R&D is a preferred solution in which of the following situations?
► Technological progress is slow and market growth is moderate
► Technology is changing rapidly and market is growing slowly
► Technology is changing slowly and market is growing quickly
► Both technological progress and market growth rate are fast.

Ref: If the rate of technical progress is slow, the rate of market growth is moderate, and there are A significant barrier to possible new entrants, then in-house R&D is the preferred solution.

Question No: 38 (Marks: 1) - Please choose one

Identify a strategy which uses firm's internal strengths to take advantage of external opportunities.

- **► SO**
- ► WO
- ► SW
- ► WT

Ref: SO Strategies: Every firm desires to obtain benefit form its resources such benefit can only be obtained if utilize its strength to take external opportunity

Question No: 39 (Marks: 1) - Please choose one

Which of the following includes the set of shared values, beliefs, attitudes, customs, norms, personalities, heroes and heroines that describe a firm?

- ► Strategy
- **► Culture**
- ► Mission
- ► Objectives

Ref: Organizational culture Defined in Table below cultural products include values, beliefs, rites, rituals, ceremonies, myths, stories, legends, sagas, language, metaphors, symbols, heroes, and heroines.

Question No: 40 (Marks: 1) - Please choose one

The culture of a firm is important when considering strategies because:

- **► Cultural products can support strategies so managers can often implement changes swiftly and easily**
- ► Everyone in the firm should have a vote as to which strategies to implement
- ► Culture can dictate the choice of strategies
- ► Employees always welcome cultural change

Ref: Organizational culture significantly affects business decisions and, thus, must be evaluated during an internal strategic-management audit. If strategies can capitalize on cultural strengths, such as a strong work ethic or highly ethical beliefs, then management often can implement changes swiftly and easily.

Question No: 41 (Marks: 1) - Please choose one

Which of the following is NOT a major factor that commonly prohibits effective resource allocation?

- ► Overprotection of resources
- ► Organizational politics
- ► Vague strategy targets
- **► Ability to take risks**

Ref: A number of factors commonly prohibit effective resource allocation, including an overprotection of Resources, too great an emphasis on short-run financial criteria, organizational politics, vague strategy Targets, a reluctance to take risks, and a lack of sufficient knowledge.

Question No: 42 (Marks: 1) - Please choose one

Which of the following best describes "Just in time"?

- ► Implementing strategies just before bankruptcy
- **► Delivering materials just as they are needed**
- ► A scheduling method for meetings
- ► A personnel planning method

REF:In short, the just-in-time inventory system is all about having "the right material, at the right time, at the right place, and in the exact amount."

Question No: 43 (Marks: 1) - Please choose one
Which of the following factors should be studied before locating production facilities?
- ► Availability of major resources
- ► Location of major markets
- ► Availability of trainable employees
- ► **All of the given options**

Question No: 44 (Marks: 1) - Please choose one
All of the following are strategic responsibilities of the human resource manager EXCEPT:
- ► Assessment of staff needs
- ► Assessment of costs for alternative strategies
- ► Development of staffing plan
- ► **Development of financial plan**

Ref: Staffing need of the organization and its cost is an important function of the human resource manager. The other main concerns include health, safety and security of the workers. The plan must also include how to motivate employees and managers during a time when layoffs are common and workloads are high.

Question No: 45 (Marks: 1) - Please choose one
Identify a reason due to which market segmentation is considered to be an important variable in strategy implementation.
- ► All company strategies require increased sales through new markets and products
- ► It allows a firm to operate with limited resources
- ► Market segmentation decisions directly affect marketing mix variables
- ► **All of the given options**

REF: First, strategies such as market development, product development, market penetration, and diversification require increased sales through new markets and products.
market segmentation allows a firm to operate with limited resources because mass production, mass distribution, and mass advertising are not required.
Finally, market segmentation decisions directly affect marketing mix variables: product, place, promotion, and price

Question No: 46 (Marks: 1) - Please choose one
All of the following are the qualitative questions for evaluating strategies identified by Seymour Tilles EXCEPT:
- ► Is the strategy internally consistent?
- ► **Is the strategy having an appropriate return on investment?**
- ► Is the strategy consistent with the environment?
- ► Is the strategy appropriate in view of available resources?

REF: Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:
1. Is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. Is the strategy workable?

Question No: 47 (Marks: 1) - Please choose one
Which of the following is defined as having alternative plans that can be put into effect if certain key events do not occur as expected?
- ► Corporate agility

► Scenario planning
► Forecasting
► **Contingency planning**

REF: Contingency plans can be defined as alternative plans that can be put into effect if certain key events do not occur as expected. Only high-priority areas require the insurance of contingency plans

Question No: 48 (Marks: 1) - Please choose one

All of the following are key financial rations EXCEPT:

► Market share
► **Production quality**
► Earnings per share
► Return on equity

Ref: Some key financial ratios: Return on investment, Return on equity, Profit margin, Market share, Debt to equity , Earnings per share , Sales growth , Asset growth.

Question No: 49 (Marks: 3)

Suggest that what can be the best way to overcome individuals' resistance to change while taking corrective actions.

Question No: 50 (Marks: 3)

What do you understand by the term Product and what can be the possible considerations that you will take into account while making decisions regarding a product or service?

Question No: 51 (Marks: 5)

Parties to conflict can conceptualize responses according to a two-dimensional scheme; what are the hypotheses of this scheme?

Question No: 52 (Marks: 5)

Product positioning allows the firms to fulfill the gaps between what customers and producers see as good service. What can be the potential benefits that product positioning can offer to a firm?

Question No: 53 (Marks: 5)

Seymour Tilles acknowledged six qualitative questions that are practical in evaluating strategies. You are required to identify any five of them.

FINALTERM EXAMINATION
Spring 2010
MGT603- Strategic Management

Question No: 1 (Marks: 1) - Please choose one

Which of the following is often considered the first step in strategic planning?

► Devising a mission statement

► **Developing a vision statement**

► Setting annual objectives

► Formulating set of strategies

Question No: 2 (Marks: 1) vuzs - Please choose one

External opportunities and threats that can significantly benefit or harm an organization may include all of the following <u>except:</u>

- ► Demographics
- ► Competitive trends
- ► Technological changes
- **► Research and development**

Ref: External opportunities and external threats refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly benefit or harm an organization in the future.

Question No: 3 (Marks: 1) - Please choose one

What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?

- ► Pakistani exports will be less expensive
- **► Pakistani exports will be more expensive**
- ► Pakistani exports will be more attractive
- ► Pakistani exports will be desirable

Question No: 4 (Marks: 1) - Please choose one

Which of the following can be considered as barriers to entering a market or industry?

- ► The lack of economies of scale and experience and low levels of brand loyalty
- **► The presence of large number of rivals already in the industry**
- ► Relatively large capital requirements and industry have economies of scale
- ► The absence of tariffs, trade restrictions, and/or government-mandated regulations

Question No: 5 (Marks: 1) - Please choose one

Which of the following are signs of strength in a company's competitive position?

- ► A debt-to-asset ratio below 0.50 and a positive net cash flow
- ► A website with extensive information about the company and its product line

► R&D and advertising expenditures greater than $10 million annually

► A strongly differentiated product and a strong or rising market share

Question No: 6 (Marks: 1) - Please choose one

Distribution includes which of the following?

► Customer analysis

► Warehousing

► Advertising

► Test marketing

Question No: 7 (Marks: 1) vuzs - Please choose one

The IFE matrix summarizes and evaluates which factors in the functional areas of a business?

► Opportunities and threats

► Strengths and weaknesses

► Strengths and threats

► Opportunities and weaknesses

Ref: A summary step in conducting an internal strategic-management audit is to construct an Internal Factor Evaluation (IFE) Matrix. This strategy-formulation tool summarizes and evaluates the major strengths and weaknesses in the functional areas of a business, and it also provides a basis for identifying and evaluating relationships among those areas.

Question No: 8 (Marks: 1) - Please choose one

The Web sites that sell products directly to the consumers are the examples of which type of strategy?

► Backward integration

► Product development

► Forward integration

► Horizontal integration

Question No: 9 (Marks: 1) - Please choose one

Which of the following is a drawback or limitation of Horizontal Integration?

► **Synergies may be more imaginary than real**

► It can increase suppliers' and buyers' bargaining power

► Economies of scale are likely to be decreased

► Both the first & third options are correct

Reference

Question No: 10 (Marks: 1) - Please choose one

A Cost Leadership Strategy is especially effective in all of the following situations EXCEPT:

► **When the market is composed of many price-sensitive buyers**

► When product differentiation can be easily achieved

► When buyers do not care much about differences from brand to brand

► When there are a large number of buyers with significant bargaining power

Ref: When Few ways of achieving product differentiation.(Page no.86)

Question No: 11 (Marks: 1) vuzs - Please choose one

If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?

► Divestiture

► **Market Penetration**

► Market Development

► Retrenchment

Ref: Guidelines for Market Penetration

Four guidelines when market penetration may be an especially effective strategy are:

Current markets not saturated

Usage rate of present customers can be increased significantly

Market shares of competitors declining while total industry sales increasing

Increased economies of scale provide major competitive advantages

Question No: 12 (Marks: 1) - Please choose one

Which of the followings involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels?

► Innovation

► Differentiation

► **Product development**

► Market development

Ref: Product development is a strategy that seeks increased sales by improving or modifying present products or services.

Question No: 13 (Marks: 1) - Please choose one

Which of the following stages of "Strategy Formulation Framework" involves development of Internal-Factor Evaluation Matrix?

► **Input stage**

► Output stage

► Matching stage

► Decision stage

Ref: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage, Stage 1 summarizes the basic input information needed to formulate strategies.

Question No: 14 (Marks: 1) - Please choose one

Which of the following stages in "Strategy Formulation Framework" focuses on generating feasible alternative strategies?

► Input

► Output

► Decision

► **Matching**

Ref: Stage 2, called the Matching Stage, focuses upon generating feasible alternative strategies by aligning key external and internal factors. Stage 2 techniques include the Threats-Opportunities Weaknesses-Strengths (TOWS) Matrix, the Strategic Position and Action Evaluation (SPACE) Matrix, the Boston Consulting Group (BCG) Matrix, the Internal-External (IE) Matrix, and the Grand Strategy Matrix

Question No: 15 (Marks: 1) - Please choose one

If there is a shift in consumers' taste in a society away from the firm's products along with weak brand name, which of the following strategy would you recommend for the above mentioned firm?

► SO

► **WO**

► SW

► WT

Question No: 16 (Marks: 1) vuzs - Please choose one

Firm located in defensive quadrant of a SPACE matrix is recommended to follow all of the following strategies EXCEPT:

► Retrenchment

► **Forward integration**

► Divestiture

► Liquidation

Question No: 17 (Marks: 1) - Please choose one

What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (+2, +3)?

► **Aggressive**

► Conservative

► Competitive

► Defensive

Question No: 18 (Marks: 1) - Please choose one

A & C Corporation currently possesses a low share of its available market. Moreover, this company's portfolio reveals that it has extremely low market growth. A & C Corporation is most likely to be classed as which one of the following?

► **Dog**

► Question mark

► Star

► Cash cow

Ref: Dogs More charitably called pets, units with low market share in a mature, slow-growing industry.(see the table at page no.103)

Question No: 19 (Marks: 1) - Please choose one

Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?

► Annual objectives

► Strategies

► **Policies**

► Goals

Question No: 20 (Marks: 1) - Please choose one

The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

► Financial budget

► Relative importance of departments

► **On political or personal factors**

► Relative cost of each resources

Ref: Resource allocation is a major management activity that allows for strategy execution. In organizations that do not use a strategic-management approach to decision making, resource allocation is often based on political or personal factors.

Question No: 21 (Marks: 1) - Please choose one

A state of opposition between persons or ideas which are occasionally characterized by physical violence may be known as:

- ► **Conflict**
- ► Compromise
- ► Diffusion
- ► Avoidance

Ref: Conflict is a state of opposition, disagreement or incompatibility between two or more people or groups of people, which is sometimes characterized by physical violence. Military conflict between states may constitute war.

Question No: 22 (Marks: 1) - Please choose one

Why do changes in company strategy often require changes in the way an organization is structured?

- ► Because structure depicts how goals will be established
- ► Because structure dictates how authorities will be delegated
- ► **Because structure dictates how resources will be obtained**
- ► Because structure dictates how financial resources are spent

Ref: Changes in strategy often require changes in structure because new positions may be created, deleted, or merged. Organizational structure dictates how resources are allocated and how objectives are established in a firm.(Page no.56)

Question No: 23 (Marks: 1) - Please choose one

Of the following, which one is FALSE regarding a functional organizational structure?

- ► The tasks, people, and technologies necessary to do the work of the business are grouped together
- ► Functional structures predominate in firms with single or narrow product lines
- ► Marketing, operations, and finance would be considered groups found within **this** type of structure
- ► **Functional structure is designed to achieve flexibility and better communication**

Ref: Functional structure is sometimes characterized by low employee morale, line/staff conflicts, poor delegation of authority, and inadequate planning for products and markets.(Page no.118)

Question No: 24 vuzs (Marks: 1) - Please choose one

Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?

► Do employees understand the plan?

► **Is the plan improving communications?**

► Does the plan pay out when it should?

► Does the plan reduce management layers?

Question No: 25 (Marks: 1) - Please choose one

All of the following are the managerial issues for managing natural environment EXCEPT:

► Global warming- depletion of rain forests

► **Employee understanding about environment**

► Developing biodegradable products and packages

► Waste management to clean air and water

Ref: The natural environment comprises all living and non-living things that occur naturally on Earth. In its[purest sense, it is thus an environment that is not the result of human activity or intervention. The natural environment may be contrasted to "the built environment."

Question No: 26 (Marks: 1) - Please choose one

The methods which are used to match managers with strategies to be implemented include all of the following EXCEPT:

► Transferring managers

► **Job enlargement**

► Managers' retention

► Job enrichment

Question No: 27 (Marks: 1) - Please choose one

Which one of the following is an example of product decisions?

► **Brand name**

► Volume discounts

► Distribution channels

► Order processing

Ref: Product Decisions

The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:

• Brand name

• Functionality

• Styling

• Quality

• Safety

• Packaging

Question No: 28 vuzs (Marks: 1) - Please choose one

Which variable would be considered as a part of pricing decisions?

► Warranty

► **Bundling**

► Safety

► Functionality

Price Decisions

Some examples of pricing decisions to be made include:

• Pricing strategy (skim, penetration, etc.)

• Suggested retail price

• Volume discounts and wholesale pricing

• Cash and early payment discounts

• Seasonal pricing

• Bundling

• Price flexibility

• Price discrimination

Question No: 29 (Marks: 1) - Please choose one

Which one of the following is an example of place decisions?

► Safety and packaging

► Personal selling

► Public relations & publicity

► **Order processing**

Distribution (Place) Decisions

Distribution is about getting the products to the customer. Some examples of distribution decisions include:

• Distribution channels

• Market coverage (inclusive, selective, or exclusive distribution)

• Specific channel members

• Inventory management

• Warehousing

• Distribution centers

• Order processing

• Transportation

• Reverse logistics

Question No: 30 vuZs (Marks: 1) - Please choose one

All of the following are the examples of promotion decision <u>EXCEPT:</u>

► Personal selling

► **Volume discounts**

► **Public relations**

► Advertising

Ref: Marketing communication decisions include:

• Promotional strategy (push, pull, etc.)

• Advertising

• Personal selling & sales force

• Sales promotions

• Public relations & publicity

• Marketing communications budget

Question No: 31 (Marks: 1) - Please choose one

Which of the following is NOT a decision that may require finance/accounting policies?

► To extend the time of accounts receivable

► To determine an appropriate dividend payout ratio

► To use lifo, fifo or a market-value accounting approach

► **To determine the amount of product diversification**

Some examples of decisions that may require finance/accounting policies are:

1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.

2. To enhance the inventory turn over level

3. To make or buy fixed assets.

4. To extend the time of accounts receivable.

5. To establish a certain percentage discount on accounts within a specified period of time.

6. To determine the amount of cash that should be kept on hand

7. To determine an appropriate dividend payout ratio.

8. To use LIFO, FIFO

Question No: 32 (Marks: 1) - Please choose one

At least how many R & D approaches are used for the implementation of strategy?

► Two

► **Three**

► Four

► Five

Ref: There are at least three major R&D approaches for implementing strategies.

1. First firm to market new technological products

2. Be an innovative imitator of successful products

3. Low-cost producer of similar but less expensive products

Reference provided by Fawad Waseem.

Question No: 33 (Marks: 1) - Please choose one

While evaluating a strategy, corrective actions are almost always needed except:

► **When external and internal factors have not significantly changed**

► When the firm is not progressing satisfactorily toward objectives

► When the firm has not achieved the stated organizational goals

► When there are differences between desired results and achieved results

Question No: 34 (Marks: 1) - Please choose one

Which one of the following statements best describes the activity ‘marketing and sales’ of Porter’s supply chain model?

► Machining, packaging, assembly, equipment maintenance & testing

► **Activities linked with getting buyers to purchase the product**

► Activities that maintain and enhance the product's value

► Receiving, storing, inventory control & transportation planning

Ref: Marketing and Sales. The activities associated with getting buyers to purchase the product, including: channel selection, advertising, promotion, selling, pricing, retail management, etc.

Question No: 35 (Marks: 1) - Please choose one

Outbound logistics includes which one of the following?

► Receiving, storing, inventory control, transportation planning

► Machining, packaging, assembly, equipment maintenance, testing

► Activities required to get the finished product at the customers

► Activities that maintain and enhance the product's value

Ref: Outbound Logistics. The activities required to get the finished product at the customers: warehousing, order fulfillment, transportation, distribution management.

Question No: 36 (Marks: 1) - Please choose one

Which of the following is NOT a key financial ratio?

► Earnings per share

► Production growth

► Asset growth

► Profit margin

Question No: 37 (Marks: 1) - Please choose one

Which of the following statement is TRUE about 'Controls' which are used in strategy evaluation stage?

► They are strategy-oriented

► They are action-oriented

► They are control-oriented

► They are information-oriented

Ref: Controls need to be action-oriented rather than information-oriented.(Page no.154)

Question No: 38 (Marks: 1) - Please choose one

In BCG matrix, the size of circle corresponding to a division represents what?

► Relative market share of that division

► Financial strength of that division

► Revenue generated by that division

► Relative market growth of that division

Ref: Practical Use of the Boston Matrix

For each product or service the 'area' of the circle represents the value of its sales.vuzs (Page No.104)

Question No: 39 (Marks: 1) - Please choose one

If the capital and human resources of a firm are necessary to manage expanded operations and it also has excess production capacity, which would be an effective strategy for the firm to pursue?

► Market Penetration

► Market Development

► Divestiture

► Retrenchment

Guidelines for Market Development

1-Six guidelines when market development may be an especially effective strategy are:

2-New channels of distribution that are reliable, inexpensive, and good quality

3-Firm is very successful at what it does

4-Untapped or unsaturated markets(vuzs)

5-Capital and human resources necessary to manage expanded operations

6-Excess production capacity

7-Basic industry rapidly becoming global

Question No: 40 (Marks: 1) - Please choose one

If the firm is very successful at what it does, unsaturated markets are available and the new inexpensive channels of distribution are also available, then which of the following strategies a company should follow?

- ► **Market Penetration**
- ► Market Development
- ► Product Development
- ► Retrenchment

Guidelines for Market Penetration

Four guidelines when market penetration may be an especially effective strategy are:

Current markets not saturated(vuzs)

Usage rate of present customers can be increased significantly

Market shares of competitors declining while total industry sales increasing

Increased economies of scale provide major competitive advantages

Question No: 41 vuzs (Marks: 1) - Please choose one

Which strategies are defensive tactics directed at reducing internal weaknesses and avoiding environmental threats?

- ► SO
- ► WO
- ► SW
- ► **WT**

Ref: WT Strategies

Every firm has a desire to overcome its weakness and reducing threats. This type of strategy helpful when weaknesses are removed to overcome external threats.

Question No: 42 (Marks: 1) - Please choose one

Which of these is TRUE about strategy implementation?

- ► It refers to positioning forces before the action

► It focuses on effectiveness

► It is primarily an operational process

► It is primarily an intellectual process

Strategy formulation is positioning forces before the action.

Strategy implementation is managing forces during the action.

Strategy formulation focuses on effectiveness.

Strategy implementation focuses on efficiency.

Strategy formulation is primarily an intellectual process.

Strategy implementation is primarily an operational process.

Strategy formulation requires good intuitive and analytical skills.

Strategy implementation requires special motivation and leadership skills.

Strategy formulation requires coordination among a few individuals.

Strategy implementation requires coordination among many persons.

Question No: 43 (Marks: 1) vuzs - Please choose one

Which of the following is TRUE about Strategy formulation?

► It manages forces during the action

► It requires good intuitive and analytical skills

► It is primarily an operational process

► It requires special motivation and leadership skills

Question No: 44 (Marks: 1) - Please choose one

Identify a situation in which a divisional structure by geographic area is considered to be most appropriate.

► Organizations have similar branch facilities located in widely dispersed areas

► An organization offers only a limited number of products or services

► Strict control and attention to product lines are needed

► An organization has many skilled managers

Question No: 45 (Marks: 1) - Please choose one

All of the following are included in Rumelt's criteria for evaluating strategies EXCEPT:

► Consonance

► Advantage

► Consistency

► Clarity

Four Criteria (Richard Rummelt):

• Consistency

• Consonance

• Feasibility

• Advantage

Question No: 46 (Marks: 1) - Please choose one

Identify which of the following are mostly based on a firm's external assessment according to Richard Rumelt.

► Consonance and consistency

► Advantage and feasibility

► Consonance and advantage

► Consistency and feasibility

Consonance Need for strategies to examine sets of trends(vuZs)

Advantage Creation or maintenance of competitive advantage

Question No: 47 (Marks: 1) - Please choose one

Identify a factor which determines the final design of a firm’s strategy-evaluation and control system.

► Opportunities

► External characteristics

► Organization's characteristics

► Competition's characteristics

Ref: The unique characteristics of an organization, including its size, management style, purpose, problems, and strengths, can determine a strategy-evaluation and control system's final design.(Page No.154)

Question No: 48 (Marks: 1) - Please choose one

Which of the following is defined as having alternative plans that can be put into effect if certain key events do not occur as expected?

► Corporate agility

► Scenario planning

► Forecasting

► Contingency planning

Question **No: 49 (Marks: 3)**

One of the approaches to implement change says: "People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions." Identify that approach and explain.

Question No: 50 (Marks: 3)

Auditors who perform audit can be divided into three groups? Identify and define each of them.

Question No: 51 vuzs (Marks: 5)

An organization can be structured in many ways. What is the most complex form of organizational structure? Discuss its characteristics?

Question No: 52 (Marks: 5)

Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?

Question No: 53 (Marks: 5)

The goal of value chain activities is to offer the customer a level of value that exceeds the cost of the activities which results in a profit margin. You are required to discuss some of the primary value chain activities.

FINALTERM EXAMINATION
Spring 2010
MGT603- Strategic Management (Session - 3)

Time: 90 min
Marks: 69

Question No: 1 (Marks: 1) - Please choose one
Concentric Diversification involves heading towards which of the following?

- ► **Adding new, but related, products or services**
- ► Adding new, unrelated products or services
- ► Regrouping through cost and asset reduction
- ► Adding unrelated products or services for new customers

Example: National Westminister Bank PLC in Britain buys the leading British insurance company, Legal & General Group PLC..(Page no.80)

Question No: 2 (Marks: 1) - Please choose one
Which of the following is often considered the first step in strategic planning?

- ► Devising a mission statement
- ► **Developing a vision statement**
- ► Setting annual objectives
- ► Formulating set of strategies

Question No: 3 (Marks: 1) - Please choose one
Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?

- ► Technological changes
- ► **Production/operations**
- ► Demographics
- ► Competitive trends

Question No: 4 (Marks: 1) - Please choose one
Long-term objectives includes all of the following EXCEPT:

- ► Measurable
- ► Reasonable
- ► **Varying**
- ► Consistent

Ref: The Nature of Long-Term Objectives
Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units..(Page No.09)

Question No: 5 (Marks: 1) - Please choose one
All of the following statements are true about a firm's mission statement EXCEPT:

- ► A mission statement directly contributes positively to financial performance
- ► A mission statement does not directly contribute positively to financial performance

- ► **A mission statement should not provide useful criteria for selecting among alternative strategies**
- ► Primary reason to develop a mission statement is not to attract the customers

Question No: 6 (Marks: 1) - Please choose one

According to ‘Peter Drucker’, what is the prime task of strategic management?

- ► To develop the vision of the business
- ► Effectively evaluate the strategies
- ► **To think through the overall mission of a business**
- ► Develop alternative set of strategies

Question No: 7 (Marks: 1) - Please choose one

“A complex set of basic underlying assumptions and deeply held beliefs shared by all members of the group and drive in important ways the behavior of individuals in the organizational context” is known as:

- ► Internal audit
- ► **Organizational culture**
- ► **Internal assessment**
- ► Organizational strategy

Question No: 8 (Marks: 1) - Please choose one

Which of these is the allocation and reallocation of capital and resources to projects, products, assets and divisions of an organization?

- ► **Investment decision**
- ► Financing decisions
- ► Restructuring decisions
- ► Strategic decision

Ref: The investment decision, also called capital budgeting, is the allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization. (Page No.64)

Question No: 9 (Marks: 1) - Please choose one

Amir, a sole proprietor, uses the information system to ask the question; “What if the prices will decrease by 16% in the next year?” Which of the following functions the information system is performing for Amir?

- ► Functional support role
- ► **Decisional support role**
- ► Managerial support role
- ► Analytical supporting role

Ref: The business decision-making support function goes one step further. It becomes an integral part -- even a vital part -- of decision -making. It allows users to ask very powerful "What if…?" questions: What if we increase the price by 5%? What if we increase price by 10%?(Page No.73)

Question No: 10 (Marks: 1) - Please choose one

Which of the following is sometimes referred as “the mystery approach to decision making, when subordinates are left to figure out what is happening and why”?

- ► Managing by hope
- ► Managing by extrapolation
- ► Managing by crisis
- ► **Managing by subjectives**

Ref: Managing by Subjective—built on the idea that there is no general plan for which way to go and what to do; just do the best you can to accomplish what you think should be done. In short, "Do your own thing, the best way you know how" (sometimes referred to as the mystery approach to decision making because subordinates are left to figure out what is happening and why).(Page no.79)

Question No: 11 (Marks: 1) - Please choose one

The purpose of an external audit is to prepare a list of which of the following?

► Opportunities and weaknesses
► Threats and strengths
► **Opportunities and threats**
► Strengths and weaknesses

Question No: 12 (Marks: 1) - Please choose one
Defensive strategies include all of the following EXCEPT:

► Retrenchment
► **Acquisition**
► Divestiture
► Liquidation

Question No: 13 (Marks: 1) - Please choose one
Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?

► Related diversification
► Retrenchment
► **Divestiture**
► Liquidation

Ref: Selling a division or part of an organization is called divestiture. Divestiture often is used to raise capital for further strategic acquisitions or investments. Divestiture can be part of an overall retrenchment strategy to rid an organization of businesses that are unprofitable, that require too much capital, or that do not fit well with the firm's other activities.

Question No: 14 (Marks: 1) - Please choose one
Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?

► Matching
► Decision
► **Input**
► All of the given options

Ref: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage.(Page No.97)

Question No: 15 (Marks: 1) - Please choose one
Which one of the followings is a sign of strength in a company's competitive position?

► A website with extensive information about the company and its product line
► Annual R&D and advertising expenditures greater than Rs.10 million
► **A strongly differentiated product, a strong or rising market share**
► A debt-to-asset ratio below 0.50 and a positive net cash flow and higher EPS

Question No: 16 (Marks: 1) - Please choose one
Firm with its SPACE matrix vector in conservative quadrant should peruse all of the following strategies EXCEPT:

► Market penetration
► Product development
► Market development
► Divestiture

Ref: Quadrant 2 is known as conservative quadrant. In this quadrant, following strategies can be followed:
Quadrant II
Market development

Market penetration
Product development
Horizontal integration
Divestiture
Liquidation (Page no.107)
Question No: 17 (Marks: 1) - Please choose one
All of the following would be considered while judging the financial strength of an organization EXCEPT:

► Increase in revenues
► **Market share**
► Return on Investment
► Cash flow statement

Ref: Determining financial strengths and weaknesses key to strategy formulation
Investment decision (Capital budgeting)
Financing decision
Dividend decision
Market share cannot be determined by above 3 decisions.
Question No: 18 (Marks: 1) - Please choose one
What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-4, -4)?

► Aggressive
► Conservative
► Competitive
► Defensive

Question No: 19 (Marks: 1) - Please choose one
All of the following are the limitations of BCG Matrix EXCEPT:

► It is one-dimensional to view every business as a star, cash cow, dog or question mark
► **BCG can not be developed if a firm has at least less than three years data**
► The businesses that fall in the centre of BCG matrix can not be classified
► Other variables such as size of market and competitive advantages are not considered

Ref: Limitations
1. Viewing every business as a star, cash cow, dog, or question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

Question No: 20 (Marks: 1) - Please choose one
Which one of the following is NOT a major region of IE matrix?

► Grow and build
► **Grow and maintain**
► Hold and maintain
► Harvest or divest

Ref: IE Matrix divided into three major regions.
Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

Question No: 21 (Marks: 1) - Please choose one
Which of the following strategy should be perused first by the Irtiza Insurance Company as it is located in Quadrant III of the Grand Strategy Matrix?

► Diversification
► Liquidation
► **Retrenchment**
► Divestiture

Ref: In quadrant III strategies should be followed in following sequence:
Quadrant III
Retrenchment
Concentric diversification
Horizontal diversification
Conglomerate diversification
Liquidation

Question No: 22 (Marks: 1) - Please choose one
According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

► I
► II
► III
► **IV**

Ref: See table on page 107.

Question No: 23 (Marks: 1) - Please choose one
Which of the following is TRUE about weights assigned in QSPM?

► This refers to preference assigned to the internal and external factors
► **This refers to relative importance of the internal and external factors**
► This refers to the insignificance of the internal and external factors
► This refers to the relative size of the internal and external factors

Ref: The weight assigned to a given factor indicates the relative importance of the factor to being successful in the firm's industry .(Page No.75)

Question No: 24 (Marks: 1) - Please choose one
Which of the following is a Functional level objective?

► Achieving return on investment of at least 15%
► **Aiming to achieve a market share of 10%**
► Attaining operating profit of over Rs.10 million
► Increase earnings per share by at least 10% every

Ref: (2) Functional level Objective
E.g. specific objectives for marketing activities
Examples of functional marketing objectives" might include:
• We aim to build customer database of at least 250,000 households within the next 12 months
• **We aim to achieve a market share of 10%**
• We aim to achieve 75% customer awareness of our brand in our target markets
Both corporate and functional objectives need to conform to the commonly used SMART criteria.(Page no.113)

Question No: 25 (Marks: 1) - Please choose one
All of the following are the examples of promotion decision EXCEPT:

► Personal selling

► **<u>Volume discounts</u>**
► Public relations
► Advertising

Marketing communication decisions include:
• Promotional strategy (push, pull, etc.)
• Advertising
• Personal selling & sales force
• Sales promotions
• Public relations & publicity
• Marketing communications budget (Page no.133)

Question No: 26 (Marks: 1) - Please choose one

Which alternative becomes more attractive financing technique when cost of capital is high?

► **Debt financing**
► Combination financing
► Raising equity
► Borrowing

Question No: 27 (Marks: 1) - Please choose one

Which of the following is the first step in preparing a pro forma financial analysis?

► Prepare the projected balance sheet
► Perform EPS/EBIT analysis
► Calculate the projected net income
► **Prepare the projected income statement**

There are six steps in performing pro forma financial analysis:
1. Prepare income statement before balance sheet (forecast sales)
2. Use percentage-of-sales method to project CGS and expenses
3. Calculate projected net income
4. Subtract dividends to be paid from Net Income and add remaining to Retained Earnings
5. Project balance sheet times beginning with retained earnings
6. List comments (remarks) on projected statements.

Question No: 28 (Marks: 1) - Please choose one

What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

► Financial budgeting
► TOWS analysis
► **Projected financial statement**
► External analysis

Question No: 29 (Marks: 1) - Please choose one

In preparing projected statements, to project cost of goods sold and the expense items in the income statement, which of the following is recommended?

► Use the net worth method
► EPS/EBIT analysis
► **Use percentage-of-sales method**
► Use price-earnings ratio method

Question No: 30 (Marks: 1) - Please choose one

Integrative, intensive, and diversification strategies are often implemented by which one of the following?

► Liquidating firms

► **Acquiring firms**
► Venturing firms
► Small firms

Ref: Evaluating the worth of a business is central to strategy implementation because integrative, intensive, and diversification strategies are often implemented by acquiring other firms. Other strategies, such as retrenchment and divestiture, may result in the sale of a division of an organization or of the firm itself.(Page No.139)

Question No: 31 (Marks: 1) - Please choose one

At least how many approaches are used for the implementation of strategy?

► Two
► Three
► **Four**
► Five

Question No: 32 (Marks: 1) - Please choose one

Managerial disorder and strategic deviation will appear if there is power struggle and conflicts among the departments of organization. The situation negates which one of the Rumelt's criteria?

► **Consistency**
► Consonance
► Feasibility
► Advantage

Ref: Consistency: Strategy should not present inconsistent goals and policies.
• Conflict and interdepartmental bickering symptomatic of managerial disorder and strategic inconsistency

Question No: 33 (Marks: 1) - Please choose one

While evaluating a strategy, corrective actions are almost always needed EXCEPT:

► **When external and internal factors have not significantly changed**
► When the firm is not progressing satisfactorily toward objectives
► When the firm has not achieved the stated organizational goals
► When there are differences between desired results and achieved results

Question No: 34 (Marks: 1) - Please choose one

All of the following are the examples of service activity of Porter's supply chain model EXCEPT:

► Customer support
► **Packaging**
► Repair services
► Installation

Ref: Service. The activities that maintain and enhance the product's value, including: customer support, repair services, installation, training, spare parts management, upgrading, etc.

Question No: 35 (Marks: 1) - Please choose one

All of the following are primary activities of Porter's supply chain model EXCEPT:

► Marketing and Sales
► Outbound Logistics
► **Firm Infrastructure**
► Inbound Logistics

Rationale: Firm Infrastructure is included in support activities.(Page no.147)

Question No: 36 (Marks: 1) - Please choose one

Which of the following statement is TRUE about Inbound Logistics?

► **It includes receiving, storing, inventory control & transportation planning**
► It includes machining, packaging, assembly, equipment maintenance & testing

► It includes activities required to deliver the finished product to the customers' end
► It includes the activities that maintain and enhance the product's value

Question No: 37 (Marks: 1) - Please choose one

A revised EFE Matrix should focus on which of the following?

► Changes in the organization's management, marketing R & D, computer information system and environment.
► **Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses.**
► Effectiveness of a firm's strategies in response to key opportunities and threats.
► Effectiveness of an organization’s strategy in pursuing the competitive goals and managerial actions.

Question No: 38 (Marks: 1) - Please choose one

The product design, packaging, product disposal and corporate rewards should reflect which of the following?

► Product quality consideration
► Union consideration
► **Environmental consideration**
► Customer consideration

Ref: The Environmental Audit

For an increasing number of firms, overseeing environmental affairs is no longer a technical function performed by specialists; it rather has become an important strategic-management concern. Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations.(Page no.156)

Question No: 39 (Marks: 1) - Please choose one

Which of the following is TRUE about Vision statement of a company?

► It defines the customers
► **It concentrates on future**
► It identifies critical processes
► It informs about the desired level of performance

Question No: 40 (Marks: 1) - Please choose one

Alternative strategy is decided in decision stage of Strategy-Formulation Framework. Which matrix is used in this stage to serve this purpose?

► BCG Matrix
► SPACE Matrix
► IE Matrix
► **QSPM Matrix**

Ref: The Quantitative Strategic Planning Matrix (QSPM)

The last stage of strategy formulation is decision stage. In this stage it is decided that which way is most appropriate or which alternative strategy should be select. This stage contains QSPM that is only tool for objective evaluation of alternative strategies. (Page no.110)

Question No: 41 (Marks: 1) - Please choose one

Input stage of strategy formulation framework includes developing which of the following set of matrices?

► IFE, EFE and QSPM matrix
► IFE, IE and BCG matrix
► IFE, CPM and EFE matrix
► **EFE, IE and CPM matrix**

Ref: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage.(Page No.97)

Question No: 42   (Marks: 1)   - Please choose one
Identify a case when a firm should adopt aggressive strategies.

- ► **If a firm's directional vector is located in upper-right quadrant of a SPACE matrix**
- ► If a firm's directional vector is located in upper-left quadrant of a SPACE matrix
- ► If a firm's directional vector is located in lower-right quadrant of a SPACE matrix
- ► If a firm's directional vector is located in lower-left quadrant of a SPACE matrix

Question No: 43   (Marks: 1)   - Please choose one
Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?

- ► **I**
- ► II
- ► III
- ► IV

Rationale: Firms located in quadrant I enjoys rapid market growth and strong competitive position. See table on page 107.

Question No: 44   (Marks: 1)   - Please choose one
Which of the following is the best divisional structure when a few major customers are of paramount importance and many different services are provided to these customers?

- ► By geographic area
- ► **By customer**
- ► By product
- ► By process

Ref: This structure allows an organization to cater effectively to the requirements of clearly defined customer groups. For example, book publishing companies often organize their activities around customer groups such as colleges, secondary schools, and private commercial schools.(Page no.119)

Question No: 45   (Marks: 1)   - Please choose one
How can an ESOP empower employees?

- ► **It empowers employees to work as owners**
- ► It empowers employees to make financial plan
- ► It empowers employees to assess customer's needs
- ► It empowers employees to give training to other workers

Ref: an employee stock ownership plan (ESOP), are corporations owned in whole or in part by their employees. Employees are usually given a share of the corporation after a certain length of employment or they can buy shares at any time.(Page no.128)

Question No: 46   (Marks: 1)   - Please choose one
All of the following steps are required in product positioning EXCEPT:

- ► Select key criteria that effectively differentiate products or services in the industry
- ► **Position your firm in the middle of the map**
- ► Plot major competitors' products or services in the resultant matrix
- ► Identify areas in the positioning map where the company's products or services could be most competitive in the given target market

Ref: The following steps are required in product positioning:
1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).

5. Develop a marketing plan to position the company's products or services appropriately.

Question No: 47   (Marks: 1)   - Please choose one

Some potential problems associated with using quantitative criteria for evaluating strategies include all of the following EXCEPT:

- ► Most quantitative criteria are geared to annual objectives rather than long-term objectives
- ► **These ratios use qualitative data for evaluating strategies which often is not available**
- ► Different accounting methods can provide different results on many quantitative criteria
- ► Intuitive judgments are almost always involved in deriving quantitative criteria

Rationale: Ratios always use quantitative data for evaluation which is often not available.

Question No: 48   (Marks: 1)   - Please choose one

Which of the following is MOST appropriate about financial ratios?

- ► **Compare a firm’s performance with competitors**
- ► Compare a firm’s performance with suppliers
- ► Compare a firm’s performance with non-financial ratios
- ► Compare a firm’s performance with business standards

Ref: Quantitative criteria commonly used to evaluate strategies are financial ratios, which strategists use to make three critical comparisons: (1) comparing the firm's performance over different time periods, (2) comparing the firm's performance to competitors', and (3) comparing the firm's performance to industry averages..(Page no.151)

MGT603 FINAL TERM PAPER SHARED BY STUDENT

MY TODAY'S PAPER 1ST MARCH 2016

MCQs were from past paper
Q1 feasibility of richard rummelt
Q2 Tows matrix
Q3.RnD
Q4.Functional structure Pons n Cons
Q5 Contolling
Q6 internet has chnaged the world
Q7 advantages of matrix

VU Today's Final Term Paper For Fall 2013
Total Questions = 52 of Total 80 Marks
Total MCQ = 40 Each of 1 marks
Total Short Questions = 4 Each of 2 marks
Total Short Questions = 4 Each of 3 marks
Total Long Questions = 4 Each of 5 marks
Question 1.
MCQs were from past paper
Q1 feasibility of Richard rum melt
Q2 Tows matrix
Q3.RnD
Q4.Functional structure Pons n Cons
Q5 Controlling
Q6 Internet has changed the world.
Q7 Advantages of matrix

My today's MGT603 paper:
Total Qs: 60
Total mcqs: 52 (mix; new and old)
The short and long questions are as follows:
the importance of annual objectives in strategy implementation.
state some Qs of revised EFE matrix.
what steps are involved in SPACE matrix?
write some considerations of EBIT/EPS analysis.
state some pitfalls of strategic planning.
what are the 5 steps of positioning strategy.
resource allocation plan; what are its 2 parts?
the 3 types of auditors.

----

my todays mgt603 paper
75% mcqs were from the attached files
subjective questions
BCG Matrix
List three situations of internal & external R&D
Which is the most complex organizational structure, what are its characteristics
Write any five steps in making an IFE matrix
Richard Rummelts feasibility
how has internet changed the business around the world
relation of Market segmentation and strategy implementation

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON FEBRUARY 29, 2016 AT 12:36PM

My today paper;

1. Space matrix vectors
2. effective mission statement
3. strategy formulation input stage
4. external dimensions of space matrix
5. strategy formulation stages
6. question about QSPM
7. Michael porter’s five forces (the threat of substitute goods)
8. Value chain

9. types of Auditors
10. Most of questions were related to Quadrants I, II, III
11. One question was related to conservative strategy

MGT603 FINAL TERM PAPER SHARED BY STUDENT

TODAY MGT603 28TH FEB 2016

Briefly discuss Michael Porter's five forces with the help of one example
Suggest some positive actions to strategists that he/she can take to minimize managers and employees resistance to change.
Discuss three major R & D approaches for implementing strategies in organizations.
Suggest atleast three factors that can determine Industrial strength of an organization.
IFE steps?
My Today MGT603 28th Feb 2016
Briefly discuss Michael Porter's five forces with the help of one example
Suggest some positive actions to strategists that he/she can take to minimize managers and employees resistance to change.
Discuss three major R & D approaches for implementing strategies in organizations.
Suggest atleast three factors that can determine Industrial strength of an organization.
IFE steps?
My Today MGT603 28th Feb 2016
Briefly discuss Michael Porter's five forces with the help of one example
Suggest some positive actions to strategists that he/she can take to minimize managers and employees resistance to change.
Discuss three major R & D approaches for implementing strategies in organizations.
Suggest atleast three factors that can determine Industrial strength of an organization.
IFE steps?

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON MARCH 7, 2016 AT 4:58PM

My Paper of mgt603 (7-3-2016)

total question were 50

40 were MCQ's

10 were short n long question

5 questions of 3 marks n 5 of 5 marks

1-23 lectures main sy bsh 2 , 3 hi mcq's aye thy

baqi taqreban sb 23-45 tak k thy

SPACE matrix sy ik question tha 3 marks ka

primary activity sy ik question tha 5 marks ka

supportive sy ik question tha 3 marks ka

BCG matrix sy ik question tha 5 marks ka

Pro forma sy related ik question tha 5 marks ka

Seymour Tilles identified six qualitative questions that are useful in evaluating strategies , write any five of them ? 5 marks

Resource allocation sy tha ik 5 marks ka

baqi questions bhool gai sholi :(par last chapters achy sy tyar krna :)

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON AUGUST 26, 2015 AT 3:49PM

My Today MGT603 Exam 999

Briefly discuss Michael Porter’s five forces with the help of one example

Discus at least five decisions that may require finance/accounting policies.

Suggest some positive actions to strategists that he/she can take to minimize managers and employees resistance to change.

Discuss various symptoms of an ineffective organizational structure.

Explain the steps involved in preparation of Quantitative Strategic Planning Matrix (QSPM) matrix.

Discuss three major R & D approaches for implementing strategies in organizations.

Why market segmentation is an important variable in strategy implementation process?

Discuss Gain sharing with the help of example.

Why Annual objectives in organizations are essential for strategy implementation stage

Suggest atleast three factors that can determine financial strength of an organization.

BCG aur IE ka diff?

resource allocated k varying types?

product r steps?

pro forma r os ke do 3 stypes wo discuss krne the?

Discuss three major R & D approaches for implementing strategies in organizations

strategic formulation and implementation

Discuss various symptoms of an ineffective organizational structure.

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ϑϑϑMy Today MGT603 Exam

Briefly discuss Michael Porter’s five forces with the help of one example

Discus at least five decisions that may require finance/accounting policies.

Suggest some positive actions to strategists that he/she can take to minimize managers and employees resistance to change.

Discuss various symptoms of an ineffective organizational structure.
Explain the steps involved in preparation of Quantitative Strategic Planning Matrix (QSPM) matrix.
Discuss three major R & D approaches for implementing strategies in organizations.
Why market segmentation is an important variable in strategy implementation process?

Discuss Gain sharing with the help of example.

Why Annual objectives in organizations are essential for strategy implementation stage

Suggest atleast three factors that can determine financial strength of an organization.

BCG aur IE ka diff?

resource allocated k varying types?

product r steps?

pro forma r os ke do 3 stypes wo discuss krne the?

Discuss three major R & D approaches for implementing strategies in organizations

strategic formulation and implementation

Discuss various symptoms of an ineffective organizational structure

1) 2 factor of financial strength of organization.

2) R&D importance in organization.

3) Positioning strategy.

4) SPACE strategy

5) Ineffective strategy in the organization work.

6) Price distribution factor.

7) Geograhpic segmentation.

8) Implementation stretegy is important for organization.

9) Resouce allocation is important for oragnziation or not?

10) Whats is the cost-training for the employees and the manger for the organization.

Total 50 Questions, 40 MCQ,

Briefly discuss the importance of policies in an organization.

Suppose a business division falls in Quadrant I of Grand strategy matrix. Discuss its strategic position and also suggest some appropriate strategies for that division.

Discuss at least six pricing decisions that should be made by marketers of organizations.

Discuss three major R & D approaches for implementing strategies in organizations.

Briefly discuss three approaches that are commonly used for implementing changes in organizations.

Discuss at least three characteristics of a matrix structure that contribute to overall complexity of organizational structure.

If a business division falls in hold and maintain region of IE matrix, discuss its strategic position and also suggest some appropriate strategies for that division.

Discuss various factors that commonly prohibit an organization in effective resource allocation.

Discuss the various steps that are required in performing a pro forma financial analysis.

Briefly discuss Michael Porter's five forces with the help of one example.

Q1: Advantages and Limitations of the QSPM?

Q2: Explain any three primary activities of Michael Porter's value chain model.

Q3: Explain Target Marketing and also gives pros & cons?

Q4: Functional Level Objective, explain and give two examples?

Q5: compare and contrast restructuring and re-engineering?

Q6: Explain primary activities of Michael Porter's value chain model.

Q7: definition of auditing given by American Accounting Associates?

Define contingency planning? (Marks 3)

Quadrant III strategies (3)

Industry Strength (IS) variables (list 3) (3)

Explain the concept of "Feasibility" as Richard Rumelt's Criteria for evaluating strategies? (3)

Explain Target Marketing and also gives pros & cons? (5)

Resource-allocation decision is a plan for using available resources. What are the two parts of resources allocation plan? (5)

What is the significance of production department in an organization? (5)

What strategies should be considered by the firms falling under the quadrant three? (5)

Reply by aqsam on March 15, 2015 at 9:02am

yesterday i appeared in my strategic management exam and following were the subj questions.

1. if u construct a space matrix and the directional vector points to the lower left quadrent what type of strategies would u recommend?

2. interpret the IFE total weighted scores of 1.5, 2.8, & 3.4 shown on the x-axis of IE matrix of a firm?

3. define and identify auditors?

4. define contingency planning?

5. what can be considerations of a firm while taking decisions regarding place as a component of marketing mix?

6. describe strategic position of a firm falling under Quadrant-3 of GSM. what are the appropriate strategic the firm must consider?

7. describe the kind of strategic evaluation system, a large and small organisation require?

8. what can be potential benefits that product positioning can offer to a firm?

9. how can a manager determine the effectiveness of performance pay plan in an organisation?

10.discuss some primary value chain activities?

My Todays Paper

MCQs were all new and mostly from Matrixes

1. Functional Level Objective, explain and give two examples?

2. Quadrant III strategies

3. Space Matrix

4. If u construct a space matrix and the directional vector points to the lower left quadrant what type of strategies would u recommend?

5. Define and identify auditors?

6. Products and its considerations

7. Strategy Formulation and Strategy Implementation are two phase. Discuss each

8. Consistency and Consonance

9. Divisional Structure? Discuss any three divisions with example?

10. YAAD NAHI :)

999Today MGT603 Exam
Briefly discuss Michael Porter's five forces with the help of one example
Discus at least five decisions that may require finance/accounting policies.
Suggest some positive actions to strategists that he/she can take to minimize managers and employees resistance to change.
Discuss various symptoms of an ineffective organizational structure.
Explain the steps involved in preparation of Quantitative Strategic Planning Matrix (QSPM) matrix.
Discuss three major R & D approaches for implementing strategies in organizations.
Why market segmentation is an important variable in strategy implementation process?
Discuss Gain sharing with the help of example.
Why Annual objectives in organizations are essential for strategy implementation stage
Suggest atleast three factors that can determine financial strength of an organization.
BCG aur IE ka diff?
resource allocated k varying types?
product r steps?
pro forma r os ke do 3 stypes wo discuss krne the?
Discuss three major R & D approaches for implementing strategies in organizations
strategic formulation and implementation
Discuss various symptoms of an ineffective organizational structure.

2 factor of financial strength of organization.
2) R&D importance in organization.
3) Positioning strategy.
4) SPACE strategy
5) Ineffective strategy in the organization work.
6) Price distribution factor.
7) Geograhpic segmentation.
😎 Implementation stretegy is important for organization.
9) Resouce allocation is important for oragnziation or not?
10) Whats is the cost-training for the employees and the manger for the organization.

Briefly discuss the importance of policies in an organization.
Suppose a business division falls in Quadrant I of Grand strategy matrix. Discuss its strategic position and also suggest some appropriate strategies for that division.
Discuss at least six pricing decisions that should be made by marketers of organizations.
Discuss three major R & D approaches for implementing strategies in organizations.
Briefly discuss three approaches that are commonly used for implementing changes in organizations.
Discuss at least three characteristics of a matrix structure that contribute to overall complexity of organizational structure.
If a business division falls in hold and maintain region of IE matrix, discuss its strategic position and also suggest some appropriate strategies for that division.
Discuss various factors that commonly prohibit an organization in effective resource allocation.
Discuss the various steps that are required in performing a pro forma financial analysis.
Briefly discuss Michael Porter's five forces with the help of one example

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON AUGUST 24, 2014 AT 9:18PM

mgt603 today paper
46 mcqs
4 questions (3 each)
5 questions (5 each)
mcqs were mostly from input, matching and decision stage in formulation framework.

1. 5 steps of product positioning?
   2. strategic management in resource allocation?
   3. three types of auditors?
   4. significance of strategic evaluation?
   5. primary activities in value chain?
   6. strategies in grand strategy when weak competitor with slow growth? (answer is quadrant III strategies)
   7. tools in formulation framework (Input stage)?
   8. not exactly remember bt QSPM se related ta

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON AUGUST 29, 2014 AT 10:11AM

My today's paper: MCQs mostly from old papers

Subjective:

1. Product Positioning

2. Steps for Quantitative strategy

3. Factors under Feasibility and Advantage

4. Limitations of QSPM

5. Effectiveness of Performance-pay plan

6. Effect of Change in Organizational Structure

7. SPACE strategy

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON AUGUST 29, 2014 AT 10:11AM

My today's paper: MCQs mostly from old papers

Subjective:

1. Product Positioning

2. Steps for Quantitative strategy

3. Factors under Feasibility and Advantage

4. Limitations of QSPM

5. Effectiveness of Performance-pay plan

6. Effect of Change in Organizational Structure

7. SPACE strategy

MGT603 FINAL TERM PAPER SHARED BY STUDENT

on August 31, 2014 at 8:02pm

Q.TOWS?
Q.Quadrant 2?
Q.Quadrant 4?
Q.Effectiveness of internet?
Q.Using of computers?
Q.R&D?

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON MARCH 1, 2014 AT 6:00PM

My today's paper 1st march

MCQs were from past paper

Q1 feasibility of richard rummelt

Q2 Tows matrix

Q3.RnD

Q4.Functional structure Pons n Cons

Q5 Contolling

Q6 internet has chnaged the world

Q7 advantages of matrix

MGT603 FINAL TERM PAPER SHARED BY STUDENT

on March 1, 2014 at 8:56pm

VU Today's Final Term Paper For Fall 2013
Total Questions = 52 of Total 80 Marks
Total MCQ = 40 Each of 1 marks
Total Short Questions = 4 Each of 2 marks
Total Short Questions = 4 Each of 3 marks
Total Long Questions = 4 Each of 5 marks

Question 1.

MCQs were from past paper

Q1 feasibility of Richard rum melt

Q2 Tows matrix

Q3.RnD

Q4.Functional structure Pons n Cons

Q5 Controlling

Q6 Internet has changed the world.

Q7 Advantages of matrix

BEST OF LUCK & GOD BLESS YOU

MGT603 FINAL TERM PAPER SHARED BY STUDENT

MGT603 CURRENT FINAL PAPER SPRING 2013

Total question = 64
Mcqs = 56
Short question 3 marks =4
Long question 5 marks= 4

50 % from past papers
3marks question
1. Suppose IFE matrix the wighted score of a company is 2.85 define the statment .
2. Define objective coprated level objective
3. A value chain is a chain acitivites define three primery activies of michael porter
4. Define differant target and mass mareting

5 marks question

1. Darwind dairies task of preparing a report the whether your firm should develp a new product or not. Define parmater which is required
2. Bargaining of supplier and bargaining of customer are the forcess amoung the porter five force model , differentiate between
3. Limitation fo computer base system to evalute and monitor strategy implemntation
4. Dual bonus system means, elaborate with the help of example

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON JULY 20, 2013 AT 2:45PM

total question are 63

54 are MCQS and remaining are subjective

Most MCQS are from past papers .20% was new mcqs . paper was easy not so difficult.

Subjective portion which i remember was:

SMART Objective (5)

Explain Customer Orientation & Declaration Of Attitude Which one is broad and why?(5)

Explain Feasibility ? Richard four criteria. (3)

Activity Ratios and it types. (3)

Mass Marketing and also define the cones and spanes (5)

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON JULY 21, 2013 AT 2:02PM

My paper as on 20-07-13 at 10:00 am.

Total question = 64
M.C.Q's = 56
Short question 3 marks =4
Long question 5 marks= 4

1 Q from "Conflict"

Change Management

Advantages of Product placement

Marketing Mix

Strategy Evaluation techniques that small and large companies adopt.

Mission statement

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON JULY 25, 2013 AT 1:12PM

Total question = 64
M.C.Q's = 56
Short question 3 marks =4
Long question 5 marks= 4

date.25-7-13
MC

qs were very conceptual,mostly from 9 paper's file.
1)strategy formulation's primary factors
2)strategy evaluation is continuous process rather than....
3)Marketing mix,explain
4)structure's functions 4 types with explanation

5)ten example where management policy is necessary
6).5 characteristics of competent firms in America
7)5 steps of product posotioning
8)contingency planning

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON FEBRUARY 20, 2013 AT 5:12PM

MGT603 TODAY final exam (OVERSEAS)
my mgt603 final exam today's subjetive part:
Corporate level objectives
Contingency planning
effectiveness of Matching in strategy formulation framework
Marketing research
Quardant-3 in grand strategy matrix
Effectiveness of Performance pay plan
Strategy evaluation includes three basic activities

MGT603 FINAL TERM PAPER SHARED BY STUDENT

ON FEBRUARY 20, 2013 AT 5:44PM

1. what position of a company fall in 3rd quadrant of Grand Strategy and what types of strategy should be adopted.5
2. define bisc role of mission statement with easy example.3
3. define three approaches of net worth of the business.3
4. define three primary activities.3
5.difference b/w gain sharing and profit sharing with example 5
6. in mission statement what mean about "customer orientation" with simplistic examples.5

MGT603 FINAL TERM PAPER SHARED BY STUDENT

on February 20, 2013 at 5:45pm

MGT603 Strategic Management

TODAY FINAL TERM PAPER FALL 2012
On 20 Feb 2013

Total Questions: 60

Total Marks: 78

Total MCQs: 54 (Each of 1 Mark)

Total Short Questions: 3 (Each of 3 Mark)

Total Long Questions: 3 (Each of 5 Mark)
Descries and three limitation QSPM? (3)
Guideline for conducting the R&D internally or externally? (3)
Define contingency planning (3)
SMART annual object.(5)
What are strategies? Discuss the significant organization? (5)
Measuring the organization performance is an important strategy Evaluation activity. Explaining how this activity can be helpful in evaluation strategies? (5)

MGT603 Final term papers
Subjective
Solved by Dua Waqar

Question No: 49 (Marks: 3)

What is the significance of Production department in an organization?

Production department mainly concern with the achievement of organization goals and targets. Production processes typically constitute more than 70 percent of a firm's total assets. Production department plays a crucial role for implementing organization strategy. Production-concerned decisions on plant location, plant size, , product design, choice of equipment, size of inventory, inventory control, quality control, cost control, use of standards, shipping and packaging, and technological innovation, job specialization, employee training, equipment and resource utilization. All these factors place an important impact on success and failure of the strategy.

Question No: 50 (Marks: 3)

Auditors who perform audit can be divided into three groups? Identify and define each of them.

People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

https://sites.google.com/site/auditingregulation/auditopedia-1/different-types-of-auditors & handouts page 155 and 156

Question No: 51 (Marks: 5)

Discuss the activities that can help an organization to reduce cost.

Cost leadership emphasizes producing standardized products at very low per-unit cost for consumers who are price-sensitive

A successful cost leadership strategy usually permeates the entire firm, as evidenced by high efficiency, low overhead, limited perks, intolerance of waste, intensive screening of budget requests, wide spans of control, rewards linked to cost containment, and broad employee participation in cost control efforts.

More detail page 86 and 87

Question No: 52 (Marks: 5)

QSPM requires intuitive judgments and educated assumptions. Discuss.

Requires intuitive judgments and educated assumptions is one of the limitations of QSPM.

The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information. Discussion among strategists, managers, and employees throughout the strategy formulation process, including development of a

QSPM, is constructive and improves strategic decisions. Constructive discussion during strategy analysis and choice may arise because of genuine differences of interpretation of information and varying opinions

Question No: 53 (Marks: 5)

Finance or accounting plays an important role in successful strategy implementation process. You are required to give some of the examples of finance/accounting decisions that may require policies.

Some examples of decisions that may require finance/accounting policies are:
1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level
3. To make or buy fixed assets.
4. To extend the time of accounts receivable.
5. To establish a certain percentage discount on accounts within a specified period of time.
6. To determine the amount of cash that should be kept on hand
7. To determine an appropriate dividend payout ratio.
8. To use LIFO, FIFO

FINALTERM EXAMINATION
FALL 2007
MGT603 - STRATEGIC MANAGEMENT (Session - 6)

Question No: 26 (Marks: 5)
"QSPM (Quantitative Strategic Planning Matrix) is not without limitations" Discuss.

The QSPM is not without some limitations. First, it always requires intuitive judgments and educated assumptions. The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information. Discussion among strategists, managers, and employees throughout the strategy formulation process, including development of a QSPM, is constructive and improves strategic decisions. Constructive discussion during strategy analysis and choice may arise because of genuine differences of interpretation of information and varying opinions. Another limitation of the QSPM is that it can be only as good as the prerequisite information and matching analyses upon which it is based.

Question No: 27 (Marks: 5)
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?

Compete as low-cost provider of goods or services
Discourages competition
Broadens market
Requires longer production runs and fewer product changes

Requires special-purpose equipment and facilities

Compete as high-quality provider

Often possible to obtain more profit per unit, and perhaps more total profit from a smaller volume of sales

Requires more quality-assurance effort and higher operating cost

Requires more precise equipment, which is more expensive

Requires highly skilled workers, necessitating higher wages and greater training efforts

Question No: 28 (Marks: 5)

Why vision and mission are different. Are both necessary for organizations?

Vision Statements and Mission Statements are the inspiring words chosen by successful leaders to clearly and concisely convey the direction of the organization. By crafting a clear mission statement and vision statement, you can powerfully communicate your intentions and motivate your team or organization to realize an attractive and inspiring common vision of the future.

"Mission Statements" and "Vision Statements" do two distinctly different jobs.

A Mission Statement defines the organization's purpose and primary objectives. Its prime function is internal – to define the key measure or measures of the organization's success – and its prime audience is the leadership team and stockholders.

Vision Statements also define the organizations purpose, but this time they do so in terms of the organization's values rather than bottom line measures (values are guiding beliefs about how things should be done.) The vision statement communicates both the purpose and values of the organization. For employees, it gives direction about how they are expected to behave and inspires them to give their best. Shared with customers, it shapes customers' understanding of why they should work with the organization.

Question No: 29 (Marks: 10)

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.

Following Strategies are recommended for a firm that is a strong competitor in a rapid-growing market:

- Market development
- Market penetration
- Product development
- Forward integration
- Backward integration
- Horizontal integration
- Concentric diversification

Question No: 30 (Marks: 10)

Discuss similarities and dissimilarities of restructuring and 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.

FINALTERM EXAMINATION
Fall 2009

Question No: 61 (Marks: 5)
Identify any five variables relating to Competitive Advantage (CA) that are useful in determining Internal Strategic Position of a company.

Competitive Advantage (CA)

- Access to the market share
- Quality of product and services
- Product life cycle
- Customer loyalty
- Capacity, location and layout
- Technological know-how
- Backward and forward integration

OR
http://it.toolbox.com/blogs/enterprise-solutions/analyzing-your-organizations-competitive-advantage-22937

Question No: 62 (Marks: 5)
How can a firm create a "cost advantage"? Discuss it by keeping in mind value chain activities.

Creating a cost advantage based on the value chain
A firm may create a cost advantage:
• By reducing the cost of individual value chain activities, or
• By reconfiguring the value chain.
Porter identified **10 cost drivers** related to value chain activities:
1. Economies of scale.

2. Learning.
3. Capacity utilization.
4. Linkages among activities.
5. Interrelationships among business units.
6. Degree of vertical integration.
7. Timing of market entry.
8. Firm's policy of cost or differentiation
9. Geographic location.
10. Institutional factors (regulation, union activity, taxes, etc.).

A firm develops a cost advantage by controlling these drivers better than its competitors do.

Page 147 and 148

Question No: 63 (Marks: 10)

Describe the types of organizational structures managers can design. Also explain why they choose one structure over another.

Type of organizational structures

- **Functional Structure**
- **Divisional Structure**
  - **Divisional structure by geographic area**
  - **Divisional structure by product**
  - **Divisional structure by customer**
  - **Divisional structure by process**
- **The Strategic Business Unit (SBU) Structure**
- **The Matrix Structure**

The most widely used structure is the functional or centralized type because this structure is the simplest and least expensive of the seven alternatives

Page 118,119,120 Lecture#33

Question No: 64 (Marks: 10)

Strategy can neither be formulated nor be adjusted to changing circumstances without a process of strategy evaluation. But in order to be effective, this process must meet several basic requirements. You are required to discuss those requirements.

A Good evaluation system must posses various qualities. It must meet several basic requirements to be effective.

- First, strategy-evaluation activities must be economical; too much information can be just as bad as too little information; and too many controls can do more harm than good.
- Strategy-evaluation activities also should be meaningful; they should specifically relate to a firm's objectives. They should provide managers with useful information about tasks over which they have control and influence.

- Strategy-evaluation activities should provide timely information; on occasion and in some areas, managers may need information daily.
- Strategy evaluation should be designed to provide a true picture of what is happening.
- Information derived from the strategy-evaluation process should facilitate action and should be directed to those individuals in the organization who need to take action based on it.
- Controls need to be action-oriented rather than information-oriented.
- The strategy-evaluation process should not dominate decisions; it should foster mutual understanding, trust, and common sense! No department should fail to cooperate with another in evaluating strategies.
- Strategy evaluations should be simple, not too cumbersome, and not too restrictive. Complex strategy evaluation systems often confuse people and accomplish little. The test of an effective evaluation system is its usefulness, not its complexity

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MGT603- Strategic Management (Session - 2)

Question No: 43 (Marks: 3)
Formulation framework is considered to be the input stage of a Comprehensive Strategy-Formulation Framework. You are required to identify the strategy formulation tools included in this stage.

Stage-1 (Formulation Framework)
1. External factor evaluation
2. Competitive matrix profile
3. Internal factor evaluation

Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the *Input Stage,* Stage 1 summarizes the basic input information needed to formulate strategies.

Question No: 44 (Marks: 3)
One of the approaches to implement change says: "People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions." Identify that approach and explain.
The power-coercive approach relies on influencing individuals and systems to change through legislation and external leverage where power of various types is the dominant factor. Power-coercive strategies emphasize political, economic, and moral sanctions, with the focus on using power of some type to "force" individuals to adopt the change.

Question No: 45 (Marks: 3)
Net worth can be used to determine credit worthiness because it gives a snapshot of the company's investment history. Identify three approaches for determining the worth of a

business.
All the various methods for determining a business's worth can be grouped into three main approaches
1. What a firm owns
2. What a firm earns
3. What a firm will bring in the market.
The first approach in evaluating the worth of a business is determining its net worth or stockholders' equity. Net worth represents the sum of common stock, additional paid-in capital, and retained earnings.
The second approach to measuring the value of a firm grows out of the belief that the worth of any business should be based largely on the future benefits its owners may derive through net profits.
The third approach, letting the market determine a business's worth, involves three methods.
1. First, base the firm's worth on the selling price of a similar company..
2. The second approach is called the price-earnings ratio method. To use this method, divide the market price of the firm's common stock by the annual earnings per share and multiply this number by the firm's average net income for the past five years.
3. The third approach can be called the outstanding shares method. To use this method, simply multiply the number of shares outstanding by the market price per share and add a premium. The premium is simply a per share dollar amount that a person or firm is willing to pay to control (acquire) the other company.

Question No: 46 (Marks: 5)
Explain the benefits and limitations of developing a Boston Consulting Group Matrix.
The BCG Matrix has one major benefit: draws attention to the cash flow, investment characteristics and needs of an organization's various divisions.

The BCG Matrix has some limitations: 1) Viewing every business as either a star, cash cow, dog, or question mark is an oversimplification; many businesses fall right in the middle of the BCG Matrix and thus are not easily classified, 2) the BCG Matrix does not reflect whether or not various divisions or their industries are growing over time; that is, the matrix has no temporal qualities, but rather it is a snapshot of an organization as any given point in time and 3) other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

Question No: 47 (Marks: 5)
Describe the kind of strategy-evaluation system, a large and a small organization require?
Large organizations require a more elaborate and detailed strategy-evaluation system because it is more difficult to coordinate efforts among different divisions and functional areas. Managers in small companies often communicate with each other and their

employees daily and do not need extensive evaluative reporting systems. Familiarity with local environments usually makes gathering and evaluating information much easier for small organizations than for large businesses. But the key to an effective strategy evaluation
System may be the ability to convince participants that failure to accomplish certain objectives within a prescribed time is not necessarily a reflection of their performance.

Question No: 48 (Marks: 10)
Suppose you are a strategist in a company and you want to evaluate the effectiveness of your contingency planning? How will you do it?
Contingency plans can be defined as alternative plans that can be put into effect if certain key events do not occur as expected.
Effective contingency planning involves a seven-step process as follows:
1. Identify both beneficial and unfavorable events that could possibly derail the strategy or strategies.
2. Specify trigger points. Calculate about when contingent events are likely to occur.
3. Assess the impact of each contingent event. Estimate the potential benefit or harm of each contingent event.
4. Develop contingency plans. Be sure that contingency plans are compatible with current strategy and are economically feasible.
5. Assess the counter impact of each contingency plan. That is, estimate how much each contingency plan will capitalize on or cancel out its associated contingent event. Doing this will quantify the potential value of each contingency plan.
6. Determine early warning signals for key contingent events. Monitor the early warning signals.
7. For contingent events with reliable early warning signals, develop advance action plans to take advantage of the available lead time.

Question No: 49 (Marks: 10)
The Management of Voyager Pvt.Ltd. has been facing a decline in sales and profits since 9 months due to strong competitors. Now the management has decided to restructure the company. You being a management consultant are required to guide them in the following areas:
Process of restructuring (2)
Restructuring is the corporate management term for the act of partially dismantling and reorganizing a company for the purpose of making it more efficient and therefore more profitable. It generally involves selling off portions of the company and making severe staff reductions.
In which cases they should use this option? (2)
When company division is no longer profitable or which has distracted management from its core business
What would be the benefits of restructuring to the organization? (3)
The primary benefit sought from restructuring is cost reduction. For some highly

bureaucratic firms, restructuring can actually rescue the firm from global competition and demise.

What possible actions the management should take while restructuring the company? (3)

The selling of portions of the company, such as a division that is no longer profitable or which has distracted management from its core business, can greatly improve the company's balance sheet. Staff reductions are often accomplished partly through the selling or closing of unprofitable portions of the company and partly by consolidating or outsourcing parts of the company that perform redundant functions (such as payroll, human resources, and training) left over from old acquisitions that were never fully integrated into the parent organization.

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Question No: 43 (Marks: 3)

If you construct a SPACE Matrix and the directional vector points to the lower left quadrant, what type of strategies would you recommend?

Lower left quadrant mean defensive

The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid further demise and possible liquidation. Extensive cost and asset reduction (retrenchment) should be pursued first. An alternative strategy is to shift resources away from the current business into different areas. If all else fails, the final options for Quadrant III businesses are divestiture or liquidation.

Retrenchment
Concentric diversification
Horizontal diversification
Conglomerate diversification
Liquidation

Question No: 44 (Marks: 3)

Define Functional level objectives. Provide at least two statements exemplifying such objectives.

Functional level objectives specific objectives for marketing activities

Examples of functional marketing objectives" might include:

• We aim to build customer database of at least 250,000 households within the next 12 months
• We aim to achieve a market share of 10%
• We aim to achieve 75% customer awareness of our brand in our target markets

Question No: 45 (Marks: 3)

Auditors who perform audit can be divided into three groups? Identify and define each of them.

People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

https://sites.google.com/site/auditingregulation/auditopedia-1/different-types-of-auditors & handouts page 155 and 156

Question No: 46 (Marks: 5)

Identify the five steps that must be followed while developing an IE Matrix.

Steps for the development of IE matrix

1. Based on two key dimensions IFE and EFE.
2. Plot IFE total weighted scores on the *x*-axis and the EFE total weighted scores on the *y* axis
3. On the *x*-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.
4. On the *y*-axis, an EFE total weighted score of 1.0 to 1.99 is considered low; a score of 2.0 to 2.99 is medium; and a score of 3.0 to 4.0 is high.
5. IE Matrix divided into three major regions.

Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

Question No: 47 (Marks: 5)

Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?

The following steps are required in product positioning:

1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

Question No: 48 (Marks: 10)

You are the business executive of Omar textiles Mills. You are asked to evaluate the strengths, weaknesses, opportunities and threats of the firm and develop altogether different strategies by using different combinations of any two of these.

Question No: 49 (Marks: 10)

Quantitative Strategic Planning Matrix (QSPM) is a high-level strategic management approach for evaluating possible strategies. You are required to prepare a (QSPM) of

XYZ Manufacturing Company for evaluating any two strategies?
Steps in preparation of QSPM
1. List of the firm's key external opportunities/threats and internal strengths/weaknesses in the left column of the QSPM.
2. Assign weights to each key external and internal factor
3. Examine the Stage 2 (matching) matrices and identify alternative strategies that the organization should consider implementing
4. Determine the Attractiveness Scores (AS)
5. Compute the Total Attractiveness Scores
6. Compute the Sum Total Attractiveness Score

FINALTERM EXAMINATION
Spring 2010

Question No: 49 (Marks: 3)
One of the approaches to implement change says: "People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions." Identify that approach and explain.

Power-coercive strategy
This policy is based on the request of power, with the belief that most people are compliant to those who have superior authority. A possible issue with this process is that once the power is removed, individuals may revert to previous behaviors. People are basically compliant and will generally do what they are told or can be made to do. Change is based on the exercise of authority and the obligation of pass.

Question No: 50 (Marks: 3)
Auditors who perform audit can be divided into three groups? Identify and define each of them.

There are three groups' independent auditors, government auditors, and internal auditors.
Independent auditors essentially are certified public accountants who supply their services to organizations for a fee. They inspect the financial statements of an organization to determine whether they have been prepared according to generally accepted accounting principles and whether they quite represent the activities of the firm.
Government auditors responsible for making sure that organization comply with federal laws, ruling, and strategy.
Third group of auditors are employees inside an organization who are answerable for safeguarding company assets, for evaluate the efficiency of company operations, and for ensuring that generally accepted business events are skillful.

Question No: 51 (Marks: 5)
An organization can be structured in many ways. What is the most complex form of organizational structure? Discuss its characteristics?

The Matrix Structure

A matrix structure is the most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication (hence, the term matrix). In contrast, functional and divisional structures depend primarily on vertical flows of authority and communication. A matrix structure can result in higher overhead because it creates more management positions. Other characteristics of a matrix structure that contribute to overall complexity include dual lines of budget authority (a violation of the unity-of-command principle), dual sources of reward and punishment, shared authority, dual reporting channels, and a need for an extensive and effective communication system. Despite its complexity, the matrix structure is widely used in many industries, including construction, healthcare, research, and defense. Some advantages of a matrix structure are that project objectives are clear, there are many channels of communication, workers can see visible results of their work, and shutting down a project can be accomplished relatively easily.

Question No: 52 (Marks: 5)
Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?
The following steps are required in product positioning:
1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

Question No: 53 (Marks: 5)
The goal of value chain activities is to offer the customer a level of value that exceeds the cost of the activities which results in a profit margin. You are required to discuss some of the primary value chain activities.
There are the following primary value chain activities.
1. **Inbound Logistics:**
Inbound Logistics is the receiving and warehousing of unprocessed materials and their distribution to industrialize when they are required.
2. **Operations:**
This is the processes of transforming inputs into finished products and services.
3. **Outbound Logistics:**
Outbound Logistics are the warehousing and distribution of completed goods.
4. **Marketing & Sales:**
This is the activity of identification of customer needs and the production of sales.
5**. Service:**
Services are supports of consumers after the products and services are sold to them.

FINALTERM EXAMINATION
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Question No: 49 (Marks: 3)

Suggest that what can be the best way to overcome individuals' resistance to change while taking corrective actions.

Resistance may be based on such feelings as loss of status, implied criticism of present competence, fear of failure in the new situation, annoyance at not being consulted, lack of understanding of the need for change, or insecurity in changing from well-known and fixed methods. It is necessary, therefore, to overcome such resistance by creating situations of participation and full explanation when changes are envisaged.

Corrective actions should place an organization in a better position to capitalize upon internal strengths; to take advantage of key external opportunities; to avoid, reduce, or mitigate external threats; and to improve internal weaknesses. Corrective actions should have a proper time horizon and an appropriate amount of risk. They should be internally consistent and socially responsible. Perhaps most importantly, corrective actions strengthen an organization's competitive position in its basic industry.

Question No: 50 (Marks: 3)

What do you understand by the term Product and what can be the possible considerations that you will take into account while making decisions regarding a product or service?

A product is anything that can be offered to a market for attention, acquisition, use, or consumption and that might satisfy a want or need.

Product and service planning includes activities such as test marketing; product and brand positioning; devising warranties; packaging; determining product options, product features, product style, and product quality; deleting old products; and providing for customer service. Product and service planning is particularly important when a company is pursuing product development or diversification.

Question No: 51 (Marks: 5)

Parties to conflict can conceptualize responses according to a two-dimensional scheme; what are the hypotheses of this scheme?

Theorists have claimed that parties can conceptualize responses to conflict according to a two-dimensional scheme; concern for one's own outcomes and concern for the outcomes of the other party. This scheme leads to the following hypotheses:

- High concern for both one's own and the other party's outcomes leads to attempts to find mutually beneficial solutions.
- High concern for one's own outcomes only leads to attempts to "win" the conflict.
- High concern for the other party's outcomes only leads to allowing the other to "win" the conflict.
- No concern for either side's outcomes leads to attempts to avoid the conflict.

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Question No: 52 (Marks: 5)

Product positioning allows the firms to fulfill the gaps between what customers and producers see as good service. What can be the potential benefits that product positioning can offer to a firm?

Many firms have become successful by filling the gap between what customers and producers see as good service. What the customer believes is good service is paramount, not what the producer believes service should be.

Market positioning is arranging for a product to occupy a clear distinctive and desirable place relative to competing products in the minds of target consumers. In positioning a product, a company first needs to identify possible competitive advantages upon which to build the position. To gain competitive advantage, the company must offer greater competitive advantage to the target segment. The company's entire marketing program should support the chosen positioning strategy. Effective positioning begins with actually differentiating the company's marketing offer so that it gives consumers more value than they are offered by the competition.

Question No: 53 (Marks: 5)

Seymour Tilles acknowledged six qualitative questions that are practical in evaluating strategies. You are required to identify any five of them.

Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:
1. Is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. Is the strategy workable?

Mgt_603 current paper 2010
Total questions 53
Mcqs 48

1. Contingency strategy 3

To minimize the impact of potential threats, organizations should develop contingency plans as part of the strategy-evaluation process. *Contingency plans* can be defined as alternative plans that can be put into effect if certain key events do not occur as expected. Contingency strategies are a result of the contingency plan. These strategies are devised for a specific situation where things could go wrong. These strategies prepare the organization or the person for anything that could happen in future. They are the back up plans that support the organization when the actual plan fails.

These strategies deal with specific variances to assumptions that result in a specific problem, emergency or state of affairs.

2. Difference between target marketing and mass marketing 3

Market targeting is the process of evaluating each market segment's attractiveness and selecting one or more segments to enter. A company should target segments in which it can generate the greatest customer value and sustain it over time.

Mass marketing refers to treatment of the market as a homogenous group and offering the same marketing mix to all customers. Mass marketing allows economies of scale to be realized through mass production, mass distribution, and mass communication.

Policies for marketing decision (5)

Pages 144 & 145

4. QSPM requires intuitive judgments and educated assumptions. Discuss 5

Requires intuitive judgments and educated assumptions is one of the limitations of QSPM.

The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information. Discussion among strategists, managers, and employees throughout the strategy formulation process, including development of a QSPM, is constructive and improves strategic decisions. Constructive discussion during strategy analysis and choice may arise because of genuine differences of interpretation of information and varying opinions

5. A frequently used tool in strategy evaluation is the audit. Discuss auditing according American Accounting Association (AAA) 5

A frequently used tool in strategy evaluation is the audit. Auditing is defined by the American Accounting Association (AAA) as "a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria, and communicating the results to interested users." People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

Q) Auditors who perform audit can be divided into three groups? Identify and define each of them.

Repeat

Q) Define 10 natural environment factors

The natural environment, encompasses all living and non-living things occurring naturally on Earth or some region thereof. It is an environment that encompasses the interaction of all living species. The concept of the natural environment can be distinguished by components:

- Complete ecological units that function as natural systems without massive human intervention, including all vegetation, microorganisms, soil, rocks, atmosphere and natural phenomena that occur within their boundaries.

- Universal natural resources and physical phenomena that lack clear-cut boundaries, such as air, water, and climate, as well as energy, radiation, electric charge, and magnetism, not originating from human activity.

Q) EPS / EBIT definition.

Earning Per share: A company's profit divided by its number of outstanding shares EPS/EBIT analysis is a valuable tool for making capital financing decisions needed to implement strategies, but several considerations should be made whenever using this technique. First, profit levels may be higher for stock or debt alternatives when EPS levels are lower. Another consideration when using EPS/EBIT analysis is flexibility. As an organization's capital structure changes, so does its flexibility for considering future capital needs. Using all debt or all stock to raise capital in the present may impose fixed obligations, restrictive covenants, or other constraints that could severely reduce a firm's ability to raise additional capital in the future.

Q) IE matrix

The Internal-External (IE) matrix is another strategic management tool used to analyze working conditions and strategic position of a business. The Internal External Matrix or short IE matrix is based on an analysis of internal and external business factors which are combined into one suggestive model.

Today's Strategic management's paper comprised of total 53 questions.
48 MCQ'S

Long questions were:
1: Why the worth of the business is important in successful strategy implementation? 5

Evaluating the Worth of a Business

Evaluating the worth of a business is central to strategy implementation because integrative, intensive, and diversification strategies are often implemented by acquiring other firms. Other strategies, such as retrenchment and divestiture, may result in the sale of a division of an organization or of the firm itself.
All the various methods for determining a business's worth can be grouped into three main approaches
1. What a firm owns
2. What a firm earns
3. What a firm will bring in the market.

2: Diff. b/w strategy formulation and strategy implementation? 5
o Strategy formulation is positioning forces before the action.
o Strategy implementation is managing forces during the action.

o Strategy formulation focuses on effectiveness.

o Strategy implementation focuses on efficiency.

o Strategy formulation is primarily an intellectual process.
o Strategy implementation is primarily an operational process.

o Strategy formulation requires good intuitive and analytical skills.
o Strategy implementation requires special motivation and leadership skills.

o Strategy formulation requires coordination among a few individuals.
o Strategy implementation requires coordination among many persons.

3: Why the strategy evaluation is important on continuous rather than periodic basis? 5
Evaluating strategies on continuous rather than a periodic basis allows benchmark of progress to establish and o\more effectively monitored Managers and employees of the firm should be continually aware of progress being made towards achieving the firm's objectives.
Continuous strategy evaluation keeps strategists close to the pulse of an organization and provides information needed for an effective strategic-management system.
The real key to effective strategic management is to accept the premise that the planning process is more important than the written plan, that the manager is continuously planning and does not stop planning when the written plan is finished. The written plan is only a snapshot as of the moment it is approved. If the manager is not planning on a continuous basis—planning, measuring, and revising—the written plan can become obsolete the day it is finished. This obsolescence becomes more of a certainty as the increasingly rapid rate of change makes the business environment more uncertain.

4: define contingency planning. 3
Repeat
5: explain product. 3
Repeat

Today Paper:-
48 mcq and 53 qustion

Difference b/w BCG and the ie evolution matrix
First, the IE matrix measures different values on its axes. The BCG matrix measures market growth and market share. The IE matrix measures a calculated value that captures a group of external and internal factors. This means that the IE matrix requires more information about the business than the BCG matrix. While values for each axis in the BCG matrix are single-factor, values for each axis in the IE matrix are multi-factor figures. Because the IE matrix is broader in its definition, strategists often develop both the BCG Matrix and the IE Matrix when assessing their conditions and formulating

strategies.

OR

There are few difference in BCG and IE matrix, firstly the IE axis are different x- axis represent IFE weighted score and Y-axis represent total EFE weighted score. IE matrix requires more information about the division than BCG matrix in which only relative market share and industry growth figures are required.

Benefits of the EFE matrix

External Factor Evaluation (EFE) matrix method is a strategic-management tool often used for assessment of current business conditions. The EFE matrix is a good tool to visualize and prioritize the opportunities and threats that a business is facing.
External factors can be grouped into the following groups:

- Social, cultural, demographic, and environmental variables:
- Economic variables
- Political, government, business trends, and legal variables

Advantage of the contingency planning

A well developed contingency plan has enormous value for the organization beyond the obvious – the ability to speedily, smoothly and cost effectively respond to significant changes in the environment. The development of a comprehensive contingency plan will:
Focus the company on identifying what risks exist and the levels of that risk;
Enable the company to review the overall objectives of the existing plan in the light of the risks identified, (especially their impact on company KPI's);
Assist in creating strategies to manage and mitigate risk (prevention being far cheaper than cure);

Review the existing information system to clarify whether it can both identify failure early (early correction is far cheaper and easier than late), correctly (taking the right action for the right reasons rather than the wrong actions for the wrong reasons), and has the ability to forecast significant changes in the risk environment (controlling change rather than reacting to it is always more cost effective);
Establish a set of actions/ policies which are in line with the problem (this is the concept of graduated response – as problems grow worse, more severe actions need to be considered, but it is often early and small changes that prevent larger difficulties occurring in the future);

Formalise contingency plan actions into standard operating procedures (SOP);
Provide for the integration of contingency plan actions into company wide induction and maintenance training to ensure rapid and effective response, and link with outside agencies where necessary;
Create a framework which can be continuously reviewed and updated, with post event analysis incorporated into best practice.

1- Strategy evaluation should be done on a continuous basis rather then on a periodic basis. Why? 5 Marks

Repeat

2- Why is it important to evaluate the worth of a business in successful strategy implementation process? 5Marks
Repeat

3- Suppose as a manager of a company you find after analysis that your company is located in Quadrant 2 in Grand strategy matrix. What types of strategies should it adopt and why? 5Marks

Quadrant II

Market development
Market penetration
Product development
Horizontal integration
Divestiture
Liquidation

Qurdant-2 contains that company's having weak competitive situation and rapid market growth. Firms positioned in Quadrant II need to evaluate their present approach to the marketplace seriously.

Although their industry is growing, they are unable to compete effectively, and they need to determine why the firm's current approach is ineffectual and how the company can best change to improve its competitiveness. Because Quadrant II firms are in a rapid-market-growth industry, an intensive strategy (as opposed to integrative or diversification) is usually the first option that should be considered.

4- Explain the concept of "Feasibility" as Richard Rumelt's Criteria for evaluating strategies? 3Marks

Feasibility

Neither overtaxes resources nor creates unsolvable sub problems

• Organizations must demonstrate the abilities, competencies, skills and talents to carry out a given strategy

5- What is the significant of production department in an organization? 3 Marks

Production department mainly concern with the achievement of organization goals and targets. Production processes typically constitute more than 70 percent of a firm's total assets. Production department plays a crucial role for implementing organization strategy. Production-concerned decisions on plant location, plant size, , product design, choice of equipment, size of inventory, inventory control, quality control, cost control, use of standards, shipping and packaging, and technological innovation, job specialization, employee training, equipment and resource utilization. All these factors place an important impact on success and failure of the strategy.

1-Discuss any three guidelines that can be used to determine whether a firm should

conduct R&D internally or externally.(3)

Many firms wrestle with the decision to acquire R&D expertise from external firms or to develop R&D expertise internally. The following guidelines can be used to help make this decision:

1. If the rate of technical progress is slow, the rate of market growth is moderate, and there are significant barriers to possible new entrants, then in-house R&D is the preferred solution. The reason is that R&D, if successful, will result in a temporary product or process monopoly that the company can exploit.
2. If technology is changing rapidly and the market is growing slowly, then a major effort in R&D may be very risky, because it may lead to development of an ultimately obsolete technology or one for which there is no market.
3. If technology is changing slowly but the market is growing fast, there generally is not enough time for in-house development. The prescribed approach is to obtain R&D expertise on an exclusive or nonexclusive basis from an outside firm.
4. If both technical progress and market growth are fast, R&D expertise should be obtained through acquisition of a well-established firm in the industry.

2-Write down three activities in value chain by porter supply chain model.(3)

Support activities (Staff functions, overhead)

o **Procurement**: Procurement of raw materials, servicing, spare parts, buildings, machines, etc.

o **Technology Development**: Includes technology development to support the value chain activities. Such as: Research and Development, Process automation, design, redesign.

o **Human Resource Management**: The activities associated with recruiting, development (education), retention and compensation of employees and managers.

o **Firm Infrastructure**. Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.

3-Explain the nature and role of employee stock ownership plans (ESOP s) in strategic management.(5)

An employee stock ownership plan (ESOP), are corporations owned in whole or in part by their employees. Employees are usually given a share of the corporation after a certain length of employment or they can buy shares at any time. A corporation owned entirely by its employees (a worker cooperative) will not, therefore, have its shares sold on public stock markets. Employee-owned corporations often adopt profit sharing where the profits of the corporation are shared with the employees. These types of corporations also often have boards of directors elected directly by the employees.

4-What strategies should be considered by the firms falling under the quadrant three? (5)

The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions. These firms must make some drastic changes quickly to avoid

further demise and possible liquidation. Extensive cost and asset reduction (retrenchment) should be pursued first. An alternative strategy is to shift resources away from the current business into different areas. If all else fails, the final options for Quadrant III businesses are divestiture or liquidation.
Retrenchment
Concentric diversification
Horizontal diversification
Conglomerate diversification
Liquidation

1. Differentiate between the bargaining power of customer and suppliers? (5 marks)
Bargaining Power of Buyers: When competition is intense and number of manufacturer is greater the buyer have more options for product switching over this will increase the buying power of buyer.
Bargaining Power of Suppliers: Greater number of the supplier will provide the stronger buying power to the manufacturer/customer and vice versa

2. What is gain sharing and profit sharing state with examples? (5 marks)
"Gain sharing is a corporate incentive plan designed to involve employees with Management to increase productivity by directly linking compensation to specific Productivity increases or cost reductions."
As an example of how gain sharing works, consider a company producing rigid and steering differential axles for tractors. From its records, the company determined that every $1,000,000 of good product output required 10,000 worker hours. Under gain sharing, the next $1,000,000 of axle output and shipment was produced with only 9,000 hours. If the average wage rate is $10 an hour, the 1,000 hours saved are worth $10,000. That is a gain to be shared equally between the workforce and company.
Profit sharing is a form of compensation in which a company shares part of its pre-tax profits with employees. This type of compensation can work in a number of different ways, depending on the structure of the company and the decisions made by employees and employers. As a general rule, such plans are designed as an incentive. When employees share in the profits, they have a vested interest in increasing the profits so that they can access more money.

3. Write 3 approach worth of the business? (5 marks)
All the various methods for determining a business's worth can be grouped into three main approaches: what a firm owns, what a firm earns, or what a firm will bring in the market

A. The first approach in evaluating the worth of a business is determining its net worth or stockholders' equity.

B. The second approach to measuring the value of a firm grows out of the belief that the worth of any business should be based largely on the future benefits its owners may derive through net profits.

C. The third approach is to let the market determine a business's worth. First, base the firm's worth on the selling price of a similar company. Second, calculate a price-earnings ratio. To use this method, divide the market price of the firm's common stock by the annual earnings per share and multiply this number by the firm's average net income for the past five years. The third approach can be called the outstanding share method. To use this method, simply multiply the number of shares outstanding by the market price per share and add a premium

Q#1 benefits and limitations of BCG matrix marks 5

The BCG Matrix has one major benefit: draws attention to the cash flow, investment characteristics and needs of an organization's various divisions.

The BCG Matrix has some limitations: 1) Viewing every business as either a star, cash cow, dog, or question mark is an oversimplification; many businesses fall right in the middle of the BCG Matrix and thus are not easily classified, 2) the BCG Matrix does not reflect whether or not various divisions or their industries are growing over time; that is, the matrix has no temporal qualities, but rather it is a snapshot of an organization as any given point in time and 3) other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

Q#2 what 5 steps are required for effective product positioning marks 5

The following steps are required in product positioning:

1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

Q#3 Write down the Michael porter 5 forces model's implementation being a strategist marks 10

http://www.maxi-pedia.com/Five+Forces+model+by+Michael+Porter

Q:4 Importance of financial budgeting with the reference to strategic implementation process marks 10

Fundamentally, financial budgeting is a method for specifying what must be done to complete strategy implementation successfully. Financial budgeting should not be thought of as a tool for limiting expenditures but rather as a method for obtaining the most productive and profitable use of an organization's resources. Financial budgets can be viewed as the planned allocation of a firm's resources based on forecasts of the future. Financial budgets are financial plans that are structured to detail projections on incomes and expenses on both a long-term and a short-term basis. Budgets of this type normally incorporate aspects of other types of budgeting strategies, including the preparation of a detailed budgeted balance sheet, a section that functions as a cash flow budget and addresses the receipt of income and the flow of expenses on an annual, semi-annual, and a monthly basis. A financial budget typically covers a period of at least one year, although it is not unusual for some organizations to prepare this kind of budget to cover anywhere from two to five years at a time.

Question No: 41 (Marks: 5)

Discuss the internal and external dimensions represented by the axes of SPACE Matrix.
The SPACE Matrix analysis functions upon two internal and two external strategic dimensions in order to determine the organization's strategic posture in the industry. The SPACE matrix is based on four areas of analysis.

1. Internal strategic dimensions:
   - Financial strength (FS)
   - Competitive advantage (CA)
2. External strategic dimensions:
   - Environmental stability (ES)
   - Industry strength (IS)

There are many SPACE matrix factors under the internal strategic dimension. These factors analyze a business internal strategic position. The financial strength factors often come from company accounting. These SPACE matrix factors can include for example return on investment, leverage, turnover, liquidity, working capital, cash flow, and others. Competitive advantage factors include for example the speed of innovation by the company, market niche position, customer loyalty, product quality, market share, product life cycle, and others.
Every business is also affected by the environment in which it operates. SPACE matrix factors related to business external strategic dimension are for example overall economic condition, GDP growth, inflation, price elasticity, technology, barriers to entry, competitive pressures, industry growth potential, and others.

Question No: 42 (Marks: 5)

What is a dual bonus system? Elaborate with the help of example.
A dual bonus system based on both annual objectives and long-term objectives is becoming common. The percentage of a manager's annual bonus attributable to short-term versus long-term results should vary by hierarchical level in the organization. A chief executive officer's annual bonus could, **for example**, be determined on a 75 percent

short-term and 25 percent long-term basis. It is important that bonuses not be based solely on short-term results because such a system ignores long-term company strategies and objectives.

Question No: 43 (Marks: 10)

Assume that you want to determine the Internal & External Strategic Position of your company through SPACE Matrix. What factors or variables (any five) will you consider under each of the following?

Internal Strategic Position

a. **Financial Strength (FS)**
- Risk involved in business
- Debt to equity ratio
- Working capital condition
- Leverage
- Liquidity
- Ease of exit from market
- Cash flow statement
- Return on investment

b. **Competitive Advantage (CA)**
- Access to the market share
- Quality of product and services
- Product life cycle
- Customer loyalty
- Capacity, location and layout
- Technological know-how
- Backward and forward integration

External Strategic Position

c. **Environmental Stability (ES)**
- Impact of technology
- Price elasticity of demand
- Political situation
- Demand variability
- Price range of competing products
- Rate of inflation
- Competitive pressure

d. **Industry Strength (IS)**

- Demand and supply factors
- Resource utilization
- Growth potential
- Profit potential
- Financial stability

- Technological know-how
- Productivity, capacity utilization
- Capital intensity
- Ease of entry into market

Question No: 44 (Marks: 10)

Suppose you are strategist in a company and you want to develop an IE Matrix for your company, what steps would you follow to execute the process of developing it? Explain.

1. Based on two key dimensions IFE and EFE.
2. Plot IFE total weighted scores on the *x*-axis and the EFE total weighted scores on the *y* axis
3. On the *x*-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.
4. On the *y*-axis, an EFE total weighted score of 1.0 to 1.99 is considered low; a score of 2.0 to 2.99 is medium; and a score of 3.0 to 4.0 is high.
5. IE Matrix divided into three major regions.

Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

Question No: 45 (Marks: 10)

Is there any optimal organizational structure for a given strategy or type of organization and what can be the possible indicators that reveal that organizational structure is ineffective?

There is no one optimal organizational design or structure for a given strategy or type of organization. What is appropriate for one organization may not be appropriate for a similar firm, although successful firms in a given industry do tend to organize themselves in a similar way.

Symptoms of an ineffective organizational structure include too many levels of management, too many meetings attended by too many people, too much attention being directed toward solving interdepartmental conflicts, too large a span of control, and too many unachieved objectives. Changes in structure can facilitate strategy implementation efforts, but changes in structure should not be expected to make a bad strategy good, to make bad managers good, or to make bad products sell.

MGT603 LATEST OBJECTIVE PAPER JULY 2011

papers was easy mostly mcqs repeated past papers

Q. All of the following are characteristics of an effective evaluation system EXCEPT:

Economical

Timely

Information-oriented

Meaningful

Q. Which strategies management analytical tool has four quadrants based on two dimensions i.e. competitive position and market growth?

Internal-External matrix

SPACE matrix

Grand strategy matrix

Quantitative strategic planning matrix

Q. Which of the following includes the set of shared values, beliefs, attitudes, customs, norms, personalities, heroes and heroines that describe a firm?

Strategy

Culture

Mission

Objectives

Q. The organizations that conduct business operations across national borders are known as:

Multinational corporations

Domestic firms

Strategic alliances

Franchises

Q. political variables have a significant effect on which of the following?

Formulation and implementation of strategy

Formulation and evaluation of a strategy

Formulation, implementation and evaluation of a strategy

Q. Which of the following statements is TRUE about Internal audit?

It is done parallel to external audit

It is done before External audit

It is done after External audit

None

Q. Financial ratios are helpful in analyzing the relationship between/among which of the following?

All assets and liabilities

Profits and costs

All functional areas of business

Sales and profitability

Q. Which of the following involves the suctantial modification of existing products or the creation of new but related products that can be marked to current customers through established channels?

Innovation

Differentiation

Product development

Market development

Q. Concentric diversification involves heading towards which of the following?

Adding new, but related, products or services

Adding new, unrelated products or services

Regrouping through cost and asset reduction

Adding unrelated products or services for new customers

Q. Defensive strategies include all of the following EXCEPT:

Retrenchment

Acquisition

Divesture

Liquidation

Q. Which of the following is NOT the reason to go for divestiture?

When firms has pursued retrenchment but failed to attain needed improvements

When the availability of quality distributions is too limited

When a division needs more resources than the firm can provide

When a division is responsible for the firm's overall poor performance

Q. Strategy formulation technique can be integrated into how many stages?

Two

Three

Four

Five

Q. Which of the following stages of strategy formulation framework involves development of internal External matrix?

Input stage

Output stage

Matching stage

Decision stage

Q. Firm located in competitive quadrant of a SPACE matrix is recommended to follow all of the following Strategies EXCEPT:

Market penetration

Divestiture

Forward integration

Concentric diversification

Q. A firm should practice Joint venture Strategy in which of the following case?

When the SPACE matrix vector lies in defensive quadrant

When the SPACE matrix vector lies in aggressive quadrant

When the SPACE matrix vector lies in conservative quadrant

When the SPACE matrix vector lies in competitive quadrant

Q. **What type of strategies would you recommend when a firm's SPACE matrix directional vector has the coordinates (-4,-4)?**

Aggressive

Conservative

Competitive

Defensive

Q. The IE matrix consists of how many cells?

Seven

Eight

Nine

Ten

Q. On the y-axis of IE matrix, an EFE total weighed score of 2.35 is considered what?

Low

Medium

High

Weak

Q. All the employees of operations department have received 15% of increased profits over a historical standard or targeted profits." Which of the following best describes the statement?

Profit sharing

Bonus

Gain sharing

Piece-work plan

Q. Production processes typically constitute of what percentage of firm's total assets?

More than 70%

More than 65%

More than 60%

More than 55%

Q. Market segmentation is especially used in implementing strategies by which of the following firms?

Small firms

Large firms

Medium-size firms

All of the given options

Q. "The process of dividing markets into groups of consumers who are similar to each other". Which of the

following terms describes the statement?

Positioning

Segmentation

Marketing

Targeting

Q. "Focusing all marketing decisions on a very specific group of people which a business wants to reach" is known as:

Target marketing

Segmentation

Mass marketing

Positioning

Q. Which of the following is Not a basic activity of strategy evaluation?

Exploring the underlying bases of a firm's strategy (NOT SURE)

Measuring organizational performance

Taking Corrective actions if needed

Developing alternative strategies to be executed

Q.A revised EFE matrix should focus on which of the following?

Changes in the organization's management, marketing, R&D and computer information system & environment.

Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses

Effective of a firm's strategies in response to key opportunities and threats

Effectiveness of an organization's strategy in pursuing the competitive goals and managerial actions.

Q. Measuring organizational performance include all of the following EXCEPT:

Comparing results to competitors results

Investigating deviations from plans

Evaluating individual performance

Comparing expected results to actual results

Q." A good mission statement identifies the utility of a firm's products to its customers"; which of the following represents this statement?

Organization's philosophy

Customer orientation

Social policy

Declaration of attitude

Q. which of the following best describes this statement ;"A systematic and ethical process for gathering and analyzing information about the competition's activities and general business trends to further a business own goals?

External assessment

Industry analysis

Competitive intelligence program

Business ethics

Q. In the BCG matrix, which element represents the industry growth rate in sales, measured in percentage term?

X-axis

Y-axis

First quadrant

Second quadrant

Q. Which one of the following is Not among the Michael Porter's forces?

The bargaining power of customers

The bargaining power of suppliers

The intensity of differentiation strategy

The threat of substitute products

Q.

To make changes in the organization's management, marketing, finance/accounting and R&D, which one of the following should be focused?

Revised mission

Revised IFE matrix

Revised EFE matrix

Revised EPM matrix

Q. which is typical problem associated with using quatitative criteris for evaluating strategies?

Most qualitative criteria are geared to long-term objectives rather than annual objectives

Different accounting methods can provide different results on many quantitative criteria

Intuitive judgments are never involved in deriving quantitative criteria

Qualitative data to be evaluated for measuring performance is often not available

Q. A good evaluation system must posses various qualities.Which of the following is not a characteristic of a good strategy evaluation system?

Strategy-evaluation activities must be economical

Strategy-evaluation activities should dominate the decisions

Strategy-evaluation activities should provide timely information

Strategy-evaluation activities should dominate the decisions

Q. The product design, packaging, product disposal and corporate rewards should reflect which of the following?

Product quality consideration

Union consideration

Environmental consideration

Customer consideration

Q. All of the following are the cost drivers of porter's supply chain activities EXCEPT:

Capacity utilization

Timing of market entry

Economies of scale

Firm's infrastructure

Q. What is a central strategy implementation technique that allows an organizational to examine the expected results of various actions and approaches?

Financial budgeting

TOWS analysis

Projected financial statement

External analysis

Q. Supplier bargaining power is not likely to pose strong competitive pressure when which of the following situation is prevailing?

Buying firms are looking for suppliers with superior just-in-time supply capabilities and low prices

The suppliers furnish a critical furnish a critical part or component that is in relatively short supply

Buying firms collaborate closely with their key suppliers to achieve mutual benefits

The products of alternative suppliers are highly differentiated, making the cost od switching relatively high

Q. Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?

Marketing

Advertisement

Test marketing

Customer analysis

Q. What is meant by focused differentiation?

Concentrating on a particular feature of a product or service to achieve differentiation (NOT SURE)

Concentrating on differentiation as the primary means of achieving competitive

Providing a high perceived value product to a selected market segment which is justifies a substantial price premium

Simultaneously seeking to achieve differentiation and a price lower than that of competitors

Q. All of the following strategies are recommended to be pursued by Question Mark divisions EXCEPT:

Market penetration

Market development

Horizontal integration

Product development

Q. One of the divisions of Altars Chemicals (Pvt) Ltd. falls in IX cell of IE matrix. How will you interpret your findings?

It can be managed best with Harvest or divest strategies

It can be managed best with grow and build strategies

It can be managed best with grow and maintain strategies

It can be managed best with Hold and maintain strategies

Q. Grand strategy Matrix is based on which of the following dimensions?

Market share and industry growth

Finacial strength and industry strength

Weighed scored of IFE and EFE matrices

Market growth and competitive position

Q. Which of the following is a functional level objective?

Achieving return on investment of at least 15%

Aiming to achieve a market share of 10%

Attaining operating profit of over Rs.10 million

Increase earnings per share by at least 10% every

Q. Which of the following is not a major factor that commonly forbids effective resource allocation?

Organizational politics

Vague strategy targets

Long run financial criteria

Lack of sufficient knowledge

Q. Which organizational structure is the most simple and economical?

Strategic business unit

Functional structure

Divisional structure

Matrix structure

Q. All of the following would be considered as true statements regarding the matrix organizational structure EXCEPT which one?

It reduces managerial positions

It shares authority and responsibility among managers

It distributes stress among the team members

It maintain better balance between time and performance

Q. Which one of the following actions is more effective regarding the change in organizational culture?

A strategy should be changed to fit an existing culture

A strategy and culture both should be changed at the same time

A firm culture should be changed to fit a new strategy

All of the given

Q. The methods which are used to match managers with strategies to be implemented include all of the following EXCEPT:

Transferring managers

Job enlargement

Managers' retention

Job enrichment

Q. Which one of the following does not fall under the category of behavioral segmentation?

Usage rate

Personality

Loyalty status

Use occasion

Q. which of the following is defined as the art and science of formulating, implementing and evaluating cross-functional decisions that enable an organization to achieve its objectives?

Strategy formulation

Strategy evaluation

Strategy implementation

Strategy management

subjective question were

Q. How can a firm create a “cost advantage”? Discuss it by keeping in mind value chain activity? (5 marks)

Q. Discuss the role of R& D personnel in successful strategy implementation?(5 marks)

Q. Compare and contrast restricting and reengineering?(5 marks)

Q. Being a project manager of Darwin diaries, you are given the task of preparing a report that whether your firm should develop a new product or not. What factors would you consider while preparing this report? (5 marks)

Q. Differentiate between target marketing and mass marketing? (3 marks)

Q. Write down three prospective problems associated with using quantitative criteria for evaluating strategies?(3 marks)

Q .Using a grand strategy matrix approach, what strategies are recommended for a firm that is a weak competitor in a slow-growing market?(3 marks)

Q.What are the basic types of R & D that can take place in an organization?(3 marks)

MGT603 Subjective objective
Lecture 23 to 45
Shared by SHAZIA BHATTI

Lecture#23 and 24

1. Question Formulation framework is considered to be the input stage of comprehensive strategy formulation framework u r required identifying strategy formulation tool in this stage?

Answer page 97

Stage-1 (Formulation Framework)

1. **External factor evaluation**
2. **Competitive matrix profile**
3. **Internal factor evaluation**

Stage 1of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive
Profile Matrix. Called the Input Stage, Stage 1 summarizes the basic input information needed to formulate strategies.

2. Question Describe three stages of strategy formulation?

Answer page 97

A Comprehensive Strategy-Formulation Framework

Important strategy-formulation techniques can be integrated into a three-stage decision-making framework, as shown below. The tools presented in this framework are applicable to all sizes and types of organizations and can help strategists identify, evaluate, and select strategies.

Stage-1 (Formulation Framework)

1. **External factor evaluation**
2. **Competitive matrix profile**
3. **Internal factor evaluation**

Stage-2 (Matching stage)

1. **TWOS Matrix (Threats-Opportunities-Weaknesses-Strengths)**
2. **SPACE Matrix (Strategic Position and Action Evaluation)**
3. **BCG Matrix (Boston Consulting Group)**
4. **IE Matrix (Internal and external)**
5. **GS Matrix (Grand Strategy)**

Stage-3 (Decision stage)

1. **QSPM (Quantitative Strategic Planning Matrix)**

3. What are opportunities and threats? Explain briefly with the help of two examples of each Strengths are attributes of the organization that are helpful to the achievement of the objective.

Answer page 98

Opportunities are external conditions that are helpful to the achievement of the objective.

Threats are external conditions that are harmful to the achievement of the objective.

Opportunities and threats are external factors.
For example, an opportunity could be a developing distribution channel such as the Internet, or changing consumer lifestyles that potentially increase demand for a company's products. A threat could be a new competitor in an important existing market or a technological change that makes existing products potentially obsolete. It is worth pointing out that SWOT analysis can be very subjective - two people rarely come-up with the same version of a SWOT analysis even when given the same information about the same business and its environment. Accordingly, SWOT analysis is best used as a guide and not a prescription. Adding and weighting criteria to each factor increases the validity of the analysis.

4. Question list down steps involved in constructing a TOWS Matrix:
Answer page 99
There are eight steps involved in constructing a TOWS Matrix:
1. **Rank external opportunities**
2. **Rank external threats**
3. **Rank internal strength**
4. **Rank internal weaknesses.**
5. **Match internal strengths with external opportunities and mention the result in the SO Strategies cell.**
6. **Match internal weaknesses with external opportunities and mention the result in the WO Strategies cell..**
7. **Match internal strengths with external threats and mention the result in the ST Strategies cell.**
8. **Match internal weaknesses with external threats and mention the result in the WT strategies cell.**

MCQ's
1. Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?
- **► Matching**
- **► Decision**
- **► Input page 97**
- **► All of the given options**

Formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix Called the Input Stage.

2. Input stage of strategy formulation framework includes developing which of the following set of matrices?
- **► IFE, EFE and QSPM matrix**
- **► IFE, IE and BCG matrix**
- **►IFE, CPM and EFE matrix page 97**
- **► EFE, IE and CPM matrix**

Input Stage: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix.

3. Matching stage of strategy formulation framework comprises of formulation of which of the following set of matrices?
► BCG, SPACE, QSPM matrix
► BCG, SPACE, TWOS Matrix PAGE 97
► SPACE, TWOS and IFE matrix
► BCG, SPACE, EFE Matrix

4. Which of the following stages of Strategy Formulation Framework involves development of Internal-Factor Evaluation Matrix?
►Input stage page 97
►Output stage
►Matching stage
►Decision stage

5. Which of the following stages of strategy formulation framework involves development of Internal External Matrix?
► Input stage
►Output stage
►Matching stage pg97
►Decision stage
Matching stage
TWOS Matrix (Threats-Opportunities-Weaknesses-Strengths) 2. SPACE Matrix (Strategic Position and Action Evaluation) 3. BCG Matrix (Boston Consulting Group)4. IE Matrix (Internal and external) 5. GS Matrix (Grand Strategy)

Lecture #25

1. Strategic position and the action evaluation of space matrix
Answer page 100
The Strategic Position and Action Evaluation (SPACE) Matrix is another important Stage 2 matching tool of formulation framework. It explains that what is our strategic position and what possible action can be taken. It is not closed matrix. It is prepared on graph. This follow counter clock wise direction. It contains four-quadrant named aggressive, conservative, defensive, or competitive strategies. The axes of the SPACE
Matrix represent two internal dimensions financial strength [FS] and competitive advantage [CA]) and two external dimensions (environmental stability [ES] and industry strength [IS]). These four factors are the most important determinants of an organization's overall strategic position.

2. Name and explain dimensions of space matrix
Answer page 100
It is divided into two internal and external dimensions which are as follow (Internal dimensions) financial strength, competitive advantage, (External dimensions) environment stability and industry strength. This sequence is convention to be followed as graphed above. This frame work determines appropriate set of

strategies for each quadrant. First quadrant is aggressive the firm fall in this quadrant that fellow the aggressive strategy. Second quadrant is conservative all those firms that fall n this quadrant that must fallow conservative strategy and in next the firm fellow the defensive strategy. All the firms fall on competitive follow that strategy. After a rating is assigned ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions. Assign a numerical value ranging from -1 (best) to -6 (worst) to each of the variables that make up the environment stability and Competitive advantage dimensions.

MCQ's

1. What type of strategies would you recommend WHen a firm's SPACE Matrix directional vector has the coordinates (-4, -4)?

- ► **Aggressive**
- ► **Conservative**
- ► **Competitive**
- ► **Defensive pag#100**

2. Identify a case when a firm should adopt aggressive strategies.

►If a firm's directional vector is located in upper-right quadrant of a SPACE Matrix page 100
►If a firm's directional vector is located in upper-left quadrant of a SPACE matrix
►If a firm's directional vector is located in lower-right quadrant of a SPACE matrix
►If a firm's directional vector is located in lower-left quadrant of a SPACE matrix

3. SPACE matrix has four quadrants. All of the following are SPACE Matrix Quadrants EXCEPT:

► Aggressive
► Defensive
► Competitive
► Offensive page 100
SPACE matrix
Contains four-quadrant named aggressive, conservative, defensive, or competitive strategies

5. What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (+2, +3)?

► Aggressive page 100
► Conservative
► Competitive
► Defensive

Lecture #26

1. Assume that u want to determine internal external position of your company through SPACE matrix what factors or the variables will you consider under each of the following?
Answer page #101
Internal Strategic Position
A. Financial Strength (FS)
Risk involved in business
Debt to equity ratio
Working capital condition
Leverage
Liquidity
Ease of exit from market
Cash flow statement
Return on investment
b. Competitive Advantage (CA)
Access to the market
Market share
Quality of product and services
Product life cycle
Customer loyalty
Capacity, location and layout
Technological know-how
Backward and forward integration

External Strategic Position
C .Environmental Stability (ES)
Impact of technology
Price elasticity of demand
Political situation
Demand variability
Price range of competing products
Rate of inflation
Competitive pressure
D .Industry Strength (IS)
Demand and supply factors
Resource utilization
Growth potential
Profit potential
Financial stability
Technological know-how
Productivity, capacity utilization
Capital intensity
Ease of entry into market

2. List down step for preparation SPACE matrix?
Steps for the preparation of SPACE Matrix

Answer page #102

The steps required to develop a SPACE Matrix are as follows:

1. Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength.

2. Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions. Assign a numerical value ranging from -1 (best) to -6 (worst) to each of the variables that make up the environmental stability and competitive advantage dimensions.

3. Compute an average score and dividing by the number of variables

4. Plot the average scores in the SPACE Matrix.

5. Add the two scores on the x-axis and plot the resultant point on X. Add the two scores on the y-axis and plot the resultant point on Y. Plot the intersection of the new xy point.

6. Draw a directional vector from the origin of the SPACE Matrix through the new intersection point.

This vector reveals the type of strategies recommended for the organization: aggressive, competitive, defensive, or conservative.

1. Which of the following are the two internal dimensions represented on the axes of the SPACE Matrix?

► Environmental stability and industry strength

► Industry strength and competitive advantage

► Competitive advantage and financial strength PAGE101

►Financial strength and environmental stability

SPACE Matrix

SPACE Matrix represent two internal dimensions financial strength and competitive

2. All of the following would be considered while judging the financial strength ofan organization EXCEPT:

► Increase in revenues

► Market share page101

► Return on Investment

► Cash flow statement

3. Which of the following is not the step of preparation SPACE matrix?

> Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength.

>Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions.

>.Compute an average score and dividing by the number of variables

> assign weights to variables according to their relative importance to the firm.page102

Lecture#27

1. Simplify these terms Cash Cows, Star, Dogs, and Question Mark using in BCG matrix
Answer page#103
The BCG matrix displays the various business units on the graph of market growth rate vs. market share relative to competitors
Dogs: Low market share, low market growth rate
Question mark: Small market share in a high growth market
Stars: High market share, high market growth rate
Cash cows: large market share in a slow, mature growing industry

2. Explain the benefits and limitations of developing a Boston Consulting Group Matrix. (Page 104)
Answer
The Boston Matrix thus offers a very useful 'map' of the organization's product (or service) strengths and weaknesses (at least in terms of current profitability) as well as the likely cash flows.
The need which prompted this idea was, indeed, that of managing cash-flow. It was reasoned that one of the main indicators of cash generation was relative market share, and one which pointed to cash usage was that of market growth rate.
Limitations
1. Viewing every business as a star, cash cow, dog, or question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

MCQ's
1. BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?
► Market share and industry strength
► Market share and market growth rate
► Market growth rate and competitive position
► Market growth rate and environment stability
Handout Page#103

2. When a division of an organization has a high relative market share and is in a fast growing industry, it will be categorized as which type in BCG matrix?
► Star
► Cash cow
► Question mark
► Dog
Stars Units with a high market share in a fast-growing industry Page#103

Lecture #28 and 29

1. Analysis that your company located in the 2 quadrant in the grand strategy matrix what type strategies should be adopted and why?

Answer page 108

Quardrant-2

Market development
Market penetration
Product development
Horizontal integration
Divestiture
Liquidation

Qurdant-2contains that company's having weak competitive situation and rapid market growth. Firms positioned in Quadrant II need to evaluate their present approach to the marketplace seriously.

Although their industry is growing, they are unable to compete effectively, and they need to determine why the firm's current approach is ineffectual and how the company can best change to improve its competitiveness. Because Quadrant II firms are in a rapid-market-growth industry, an intensive strategy
(As opposed to integrative or diversification) is usually the first option that should be considered.

2. List down Steps that must follow while preparing IE matrix?

Answer Steps for the development of IE matrix page106

1. Based on two key dimensions IFE and EFE.
2. Plot IFE total weighted scores on the x-axis and the EFE total weighted scores on the y axis
3. on the x-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.
4. on the y-axis, an EFE total weighted score of 1.0 to 1.99is considered low; a score of 2.0 to 2.99 is medium; and a score of 3.0 to 4.0 is high.
5. IE Matrix divided into three major regions.

Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

3. What is the best strategy the firm falling in Quadrant IV of Grand Strategy Matrix?

Answer page#108

Qurdant-4 contains that company's strong competitive situation and slow market growth.

Finally, Quadrant IV businesses have a strong competitive position but are in a slow growth Industry. These firms have the strength to launch diversified programs into more promising growth areas. Quadrant IV firms have characteristically high cash flow levels and limited internal growth needs and often can pursue concentric,

horizontal, or conglomerate diversification successfully. Quadrant IV firms also may pursue joint ventures
Quardrant-4
Concentric diversification
Horizontal diversification
Conglomerate diversification
Joint ventures

MCQ's
1."The business has a strong competitive position but is in a slow-growth industry. Further, the business typically has high cash flow levels and limited internal growth needs." The statement refers which of the following?
►The firm falling in Quadrant I of Grand Strategy Matrix
►The firm falling in Quadrant II of Grand Strategy Matrix
►The firm falling in Quadrant III of Grand Strategy Matrix
►The firm falling in Quadrant IV of Grand Strategy Matrix
Page#108 Qurdant-4 contains that company's strong competitive situation and slow market growth Quadrant IV firms have characteristically high cash flow levels and limited internal growth needs and often can pursue concentric, horizontal, or conglomerate diversification successfully

2. In Grand strategy matrix what will be the appropriate quadrant for the Ahmad textiles if it is operating in slow growing market and holds weak competitive position?
► Quadrant I
► Quadrant II
► Quadrant III
► Quadrant IV
Qurdant-3 contains that company's weak competitive situation and slow market growth.Page#108

3. Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?
►I
► II
► III
► IV
Firms located in Quadrant I of the Grand Strategy Matrix are in an excellent strategic position. Page#107

4. on the x-axis of IE Matrix, an IFE total weighted score of 3.75 depicts what?
►A weak internal position
►An average internal position
►A strong internal position
►A low internal position

Page#106 on the x-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.

5. Which of the following stages of strategy formulation framework involves development of Internal External Matrix?
►Input stage
►Output stage
►Matching stage
►Decision stage
Page#105& 97

6. IE matrix is based on which dimensions?
► Market share and industry growth
►Financial strength and industry strength
► Weighed scores of IFE and EFE matrices
► Market growth and competitive position
It relate to internal (IFE) and external factor evaluation (EFE). The findings form internal and external position and weighted score plot on it. Page#105

Lecture #30

1. Describe limitations and advantages of QSPM?
Answer page #111
Limitations
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
Advantages
1. Sets of strategies considered simultaneously or sequentially
2. Integration of pertinent external and internal factors in the decision making process

2. QSPM requires intuitive judgments and educated assumptions. Discuss. Page 110
Answer
(Quantitative Strategic Planning Matrix) QSPM. Strategists should use good intuitive judgment in selecting strategies to include in a QSPM.
The last stage of strategy formulation is decision stage. In this stage it is decided that which way is most appropriate or which alternative strategy should be select. This stage contains QSPM that is only tool for objective evaluation of alternative strategies. A quantitative method used to collect data and prepare a matrix for strategic planning. It is based on identified internal and external crucial success factors.
That is only technique designed to determine the relative attractiveness of feasible alternative action. This technique objectively indicates which alternative strategies are best.
The QSPM uses input from

Stage 1 analysis and matching results from Stage 2 analyses to decide objectively among alternative strategies. That is, the EFE Matrix, IFE Matrix, and Competitive Profile Matrix that make up Stage 1, coupled with the TOWS Matrix, SPACE Analysis, BCG Matrix, IE Matrix, and Grand Strategy Matrix that make up Stage 2, provide the needed information for setting up the QSPM (Stage 3). (page 110)

MCQ'S
1. What can be the limitation of QSPM?
►Only a few strategies can be evaluated simultaneously
►The cost of doing the analysis is very high
►Intuitive judgments and educated assumption are required
►It requires equal participation of everyone in organization
Page#111
Limitations
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

2. "Other than ranking strategies to achieve the prioritized list, only one analytical technique in strategy formulation which is designed to determine the relative attractiveness of feasible alternative actions" is known as:
►SPACE
►QSPM
►IFE
►CPM
That is only technique designed to determine the relative attractiveness of feasible alternative action.Page#110

3. Alternative strategy is decided in decision stage of Strategy-Formulation Framework.
Which matrix is used in this stage to serve this purpose?
► BCG Matrix
► SPACE Matrix
► IE Matrix
► QSPM Matrix
Page#110The Quantitative Strategic Planning Matrix (QSPM)
The last stage of strategy formulation is decision stage. In this stage it is decided that which way is most appropriate or which alternative strategy should be select. This stage contains QSPM that is only tool for objective evaluation of alternative strategies.

Lecture#31

1. What are functional-level objectives? Write two statements exemplifying these objectives.
Answer page 113

Functional level
E.g. specific objectives for marketing activities
Examples of functional marketing objectives" might include:
• We aim to build customer database of at least 250,000 households within the next 12 months
• We aim to achieve a market share of 10%
• We aim to achieve 75% customer awareness of our brand in our target markets .

2. What are corporate-level objectives? Write two statements exemplifying these objectives.
Answer page 113
(1) Corporate level
These are objectives that concern the business or organization as a whole
Examples of "corporate objectives might include:
• We aim for a return on investment of at least 15%
• We aim to achieve an operating profit of over £10million on sales of at least £100 million
• We aim to increase earnings per share by at least10% every year for the foreseeable future
3. What are the SMART criteria in annual objectives?
Answer page113
The SMART criteria
Specific - the objective should state exactly what is to be achieved.
Measurable - an objective should be capable of measurement – so that it is possible to determine whether (or how far) it has been achieved
Achievable - the objective should be realistic given the circumstances in which it is set and the resources available to the business.
Relevant - objectives should be relevant to the people responsible for achieving them
Time Bound - objectives should be set with a time-frame in mind. These deadlines also need to be realistic.

MCQ'S
1. Strategy formulation:
►Is managing forces during the action
►Focuses on effectiveness
►Is primarily an operational process
►Requires coordination among many people
Page#112 Strategy formulation focuses on effectiveness.

2. Which of these is TRUE about strategy implementation?
►It refers to positioning forces before the action
►It focuses on effectiveness
►It is primarily an operational process
►It is primarily an intellectual process
Strategy implementation is primarily an operational process. Page#112

3. Which of the following is TRUE about Strategy formulation?
►It manages forces during the action
►It requires good intuitive and analytical skills
►It is primarily an operational process
►It requires special motivation and leadership skills
Strategy formulation requires good intuitive and analytical skills. Page#112

4. Which of the following is a Functional level objective?
► Achieving return on investment of at least 15%
►Aiming to achieve a market share of 10%
►Attaining operating profit of over Rs.10 million
► Increase earnings per share by at least 10% every
Page#113 Functional level Objective
Examples of functional marketing objectives" might include:
• We aim to build customer database of at least 250,000 households within the next 12 months
• We aim to achieve a market share of 10%
• We aim to achieve 75% customer awareness of our brand in our target markets

5. Which of the following is a corporate level objective?
►Getting 75% customer awareness of company's brand in target markets
►Increasing earnings per share by at least 10%
►Building customer database of at least 250,000 companies
►Achieving a 10% share of International market
Page#113 Examples of "corporate objectives might include:
• We aim for a return on investment of at least 15%
• We aim to achieve an operating profit of over £10 million on sales of at least £100 million
• We aim to increase earnings per share by at least 10% every year for the foreseeable future

Lecture #32
1. Question is there any optimal organizational design or structure for a given strategy or type of organization and what can e possible indicator that can reveals the organizational structure is ineffective?
Answer page117
There is no one optimal organizational design or structure for a given strategy or type of organization.
That is appropriate for one organization may not be appropriate for a similar firm, although successful firms in a given industry do tend to organize themselves in a similar way.
Symptoms of an ineffective organizational structure include too many levels of management, too many meetings attended by too many people, too much attention being directed toward solving interdepartmental conflicts, too large a span of control, and too many unachieved objectives. Changes in structure can facilitate strategy implementation efforts, but changes in structure should not be expected to

make a bad strategy good, to make bad managers good, or to make bad products sell.

2. Question Parties to conflict can conceptualize responses according to two dimensional schemes; what should be the hypothesis of this scheme?
Answer page#117
Theorists have claimed that parties can conceptualize responses to conflict according to a two-dimensional scheme; concern for one's own outcomes and concern for the outcomes of the other party. This scheme leads to the following hypotheses:
- **High concern for both one's own and the other party's outcomes leads to attempts to find mutually beneficial solutions.**
- **High concern for one's own outcomes only leads to attempts to "win" the conflict.**
- **High concern for the other party's outcomes only leads to allowing the other to "win" the conflict.**
- **No concern for either side's outcomes leads to attempts to avoid the conflict.**

MCQ'S
1. Which one of the following is the organizational structure that most of the medium size organizations follow?
►Divisional structure
►Strategic business unit
►Functional structure
►Matrix structure
Medium-size firms tend to be divisionally structured (decentralized).Page#117

2. Which of the following is NOT a part of resource allocation plan?
►Basic allocation decision
►Contingency mechanisms
►Primary allocation mechanism
►None of the given options
The plan has two parts: Firstly, there is the basic allocation decision and secondly there are contingency mechanisms. Page#116

3. A state of opposition between persons or ideas which are occasionally characterized by physical violence may be known as:
► Conflict
► Compromise
► Diffusion
► Avoidance
Conflict is a state of opposition, disagreement or incompatibility between two or more people or groups of people, which is sometimes characterized by physical violence. Page#116

4. the organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?
►Financial budget
► Relative importance of departments
►on political or personal factors
► Relative cost of each resources
In organizations that do not use a strategic-management approach to decision making, resource allocation is often based on political or personal factors. Page#116

5. Which of the following is NOT a major factor that commonly prohibits effective resource allocation?
► Overprotection of resources
► Organizational politics
►Vague strategy targets
► Ability to take risks
A number of factors commonly prohibit effective resource allocation, including an overprotection of resources, too great an emphasis on short-run financial criteria, organizational politics, vague strategy targets, a reluctance to take risks, and a lack of sufficient knowledge Page#116

Lecture#33
1. Discuss similarities and dissimilarities of restructuring and reengineering.
Answer (page 120)
Restructuring and reengineering are becoming commonplace on the corporate landscape across the United States and Europe. Restructuring—also called downsizing, rightsizing, or delivering 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.

2. What is the four ways of Divisional structure? Explain them?

Answer page#119
The divisional structures are
1. A divisional structure by geographic area
2. The divisional structure by product
3. Divisional structure by customer
4. A divisional structure by process

MCQ'S
1. Which organizational structure is the most simple and economical?
► Strategic business unit
► Functional structure
► Divisional structure
► Matrix structure
The most widely used structure is the functional or centralized type because this structure is the simplest and least expensive of the seven alternatives. Page#118

2. of the following, which one is FALSE regarding a functional organizational structure?
►The tasks, people, and technologies necessary to do the work of the business are grouped together
► Functional structures predominate in firms with single or narrow product lines
► Marketing, operations, and finance would be considered groups found within this type of structure
► Functional structure is designed to achieve flexibility and better communication
They are economically efficient, but lack flexibility. Communication between functional areas can be difficult. Page#118

3. Advantages of a functional organization structure would include all EXCEPT which one of the following?
► Promotes division and specialization of labor
► Promotes functional rivalry
► Promotes economic efficiency
► Promotes delegation of authority
Some disadvantages of a functional structure are that it forces accountability to the top, minimizes career development opportunities, and is sometimes characterized by low employee morale, line/staff conflicts, poor delegation of authority, and inadequate planning for products and markets. Page#118

4. Identify a situation in which a divisional structure by geographic area is considered to be most appropriate.
► Organizations have similar branch facilities located in widely dispersed areas
► An organization offers only a limited number of products or services
► Strict control and attention to product lines are needed
► An organization has many skilled managers
A divisional structure by geographic area is appropriate for organizations whose strategies need to be tailored to fit the particular needs and characteristics of

customers in different geographic areas. This type of structure can be most appropriate for organizations that have similar branch facilities located in widely dispersed areas Page#119

5. All of the following fall under the category of restructuring EXCEPT:
► Reducing number of employees
► Reducing number of shareholders
► Reducing number of divisions
► Reducing number of hierarchical levels
Restructuring—also called downsizing, rightsizing, or delayring—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.
Page#120

6. Which term is most often concerned primarily with shareholder well-being rather than employee well-being?
► Benchmarking
► Reengineering
► Product redesign
► Restructuring
Page#120 Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

7. All of the following would be considered as true statements regarding the matrix organizational structure EXCEPT which one?
►It reduces managerial positions
►It shares authority and responsibility among managers
►It distributes stress among the team members
►It maintains better balance between time and performance
A matrix structure can result in higher overhead because it creates more management positions. Page#120

Lecture#34
1. Suggest that what can be the best way to overcome individuals' resistance to change while taking corrective actions. (3 marks)
Taking corrective actions raises employees' and managers' anxieties. Research suggests that participation in strategy-evaluation activities is one of the best ways to overcome individuals' resistance to change.
According to Erez and Kanfer, individuals accept change best when they have a cognitive understanding of the changes, a sense of control over the situation, and an awareness that necessary actions are going to be taken to implement the changes.

MCQ'S

1. Zairian Corporation has streamlined its operations by cutting costs, such as decrease in payroll or reduction in its size through the sale of assets. In which of the following activity Zaria Corporation is involved?
►E-Engineering
►Re-engineering
►Restructuring
►Benchmarking
Page#121
The primary benefit sought from restructuring is cost reduction.
Characteristics:
Staff reductions are often accomplished partly through the selling or closing of unprofitable portions of the company and partly by consolidating or outsourcing parts of the company that perform redundant functions (such as payroll, human resources, and training) left over from old acquisitions that were never fully integrated into the parent organization.

2. All of the following are the managerial issues for managing natural environment EXCEPT:
► Global warming-depletion of rain forests
► Employee understanding about environment
► Developing biodegradable products and packages
► Waste management to clean air and water
Special natural environmental issues include ozone depletion, global warming, depletion of rain forests, destruction of animal habitats, protecting endangered species, developing biodegradable products and packages, waste management, clean air, clean water, erosion, destruction of natural resources, and pollution control.
Page#124

3. Which one of the following is Educative change strategy?
►Giving orders to subordinates and enforcing those orders
►Changing the strategy of educational institutions
►Presenting information to convince people of the need for change
►Attempting to convince individuals that the change is for their interest
The educative change strategy is one that presents information to convince people of the need for change; Page#124

4. A change strategy that attempts to convince people that the change is in their personal advantage is:
► Diffusion
► Force
► Educative
► Rational
Page#124
A rational or self-interest change strategy is one that attempts to convince individuals that the change is to their personal advantage.

5. Resistance to change can be considered the single greatest threat to successful strategy implementation.
► True
► False
Page#124
Resistance to change can be considered the single greatest threat to successful strategy implementation

Lecture #35
1. What is the stock ownership of employees?
Answer
Stock ownership plan (ESOP), are Corporations owned in whole or in part by their employees. Employees are usually given a share of the corporation after a certain length of employment or they can buy shares at any time. A corporation owned Entirely by its employees (a worker cooperative) will not, therefore, have its shares sold on public stock markets. Employee-owned corporations often adopt profit sharing where the profits of the corporation are shared with the employees. These types of corporations also often have boards of directors elected directly by the employees.
Page 127 last two lines to 128

MCQ'S
1. Production processes typically constitute of what percentage of firm's total assets?
►More than 70 %
►More than 65 %
►More than 60 %
►More than 55 %
Production processes typically constitute more than 70 percent of a firm's total assets. Page#126

2. Under Just in Time (JIT) approach, when the new stock is ordered?
►When stock comes to an end
►When stock reaches the re-order level
►On 1st of each month
►At the start of the year
New stock is ordered when stock reaches the re-order level. Page#126

3. The inventory is viewed as which of the following in Just In Time Inventory system
►Incurring costs
►Adding value
►Disburse expense
►None of the given options
Page#127

First off inventory is seen as incurring costs instead of adding value, contrary to traditional thinking

4. Which of the following best describes "Just in time"?
► implementing strategies just before bankruptcy
► delivering materials just as they are needed
►a scheduling method for meetings
►a personnel planning method
With JIT, parts and materials are delivered to a production site just as they are needed, rather than being stockpiled as a hedge against later deliveries Page#127

5. All of the following are strategic responsibilities of the human resource manager EXCEPT:
► Assessment of staff needs
► Assessment of costs for alternative strategies
► Development of staffing plan
► Development of financial plan
Staffing need of the organization and its cost is an important function of the human resource manager. The other main concerns include health, safety and security of the workers. The plan must also include how to motivate employees and managers during a time when layoffs are common and workloads are high page#127

6. How can an ESOP empower employees?
►It empowers employees to work as owners
►It empowers employees to make financial plan
►It empowers employees to assess customer's needs
►It empowers employees to give training to other workers
An employee stock ownership plan (ESOP), are corporations owned in whole or in part by their employees. Employees are usually given a share of the corporation after a certain length of employment or they can buy shares at any time. Page#128

Lecture # 36
1. Is market segmentation linked with the strategy implementation?
Answer page130 to 131
Market segmentation Link with strategy implementation
Market segmentation is widely used in implementing strategies, especially for small and specialized firms.
Market segmentation can be defined as the subdividing of a market into distinct subsets of customers according to needs and buying habits.
Market segmentation is an important variable in strategy implementation for at least three major reasons.
First, strategies such as market development, product development, market penetration, and diversification require increased sales through new markets and products. To implement these strategies successfully, new or improved market-segmentation approaches are required. Second, market segmentation allows a firm

to operate with limited resources because mass production, mass distribution, and mass advertising are not required. Market segmentation can enable a small firm to compete successfully with a large firm by maximizing per-unit profits and per-segment sales. Finally, market segmentation decisions directly affect marketing mix variables: product, place, promotion, and price

2. Difference between mass and target market?
Answer page129
Mass marketing refers to treatment of the market as a homogenous group and offering the same marketing mix to all customers. Mass marketing allows economies of scale to be realized through mass production, mass distribution, and mass communication. The drawback of mass marketing is that customer needs and preferences differ and the same offering is unlikely to be viewed as optimal by all customers. If firms ignored the differing customer needs, another firm likely would enter the market with a product that serves a specific group, and the incumbent firms would lose those customers.
Target marketing on the other hand recognizes the diversity of customers and does not try to please all of them with the same offering. The first step in target marketing is to identify different market segments and their needs.

MCQ'S
1. All of the following are the requirements for successful segmentation EXCEPT:
►Segment is large enough to be profitable
►Homogeneity between the segments
►Segments are accessible and actionable
►Heterogeneity between segments
Page#129The requirements for successful segmentation are:
• Homogeneity within the segment
• Heterogeneity between segments
• Segments are measurable and identifiable
• Segments are accessible and actionable
• Segment is large enough to be profitable......

2. Market segmentation is especially used in implementing strategies by which of the following firms?
►Small firms
►Large firms
►Medium-size firms
►All of the given options
Market segmentation is widely used in implementing strategies, especially for small and specialized firms. Page#130

3. XYZ Company has segmented its market by keeping in view occupation and education level of customers. Which of the following bases of segmentation the company has used?
►Demographic

►Psychographic
►Behavioral
►Geographic
Page#130Demographic Segmentation
Some demographic segmentation variables include:
• Age
• Gender
• Family size
• Family lifecycle
• Generation: baby-boomers, Generation X, etc.
• Income
• Occupation
• Education
• Ethnicity
• Nationality
• Religion
• Social class

4. Identify a reason due to which market segmentation is considered to be an important variable in strategy implementation.
►All company strategies require increased sales through new markets and products
►It allows a firm to operate with limited resources
► Market segmentation decisions directly affect marketing mix variables
► All of the given options
Page#131 Market segmentation is an important variable in strategy implementation for at least three major reasons:
1. First, strategies such as market development, product development, market penetration, and diversification require increased sales through new markets and products.
2. Second, market segmentation allows a firm to operate with limited resources because mass production, mass distribution, and mass advertising are not required.
3. Finally, market segmentation decisions directly affect marketing mix variables: product, place, promotion, and price

Lecture #37 and 38
1. What is marketing mix? Name the factor components of marketing mix.
Answer page 132
The term "marketing mix" became popularized after Neil H. Borden published his 1964 article, The Concept of the Marketing Mix. Borden began using the term in his teaching in the late 1940's after James Culliton had described the marketing manager as a "mixer of ingredients". The ingredients in Borden's marketing mix included product planning, pricing, branding, distribution channels, personal selling, advertising, Promotions, packaging, display, servicing, physical handling, and fact finding and analysis. E. Jerome McCarthy later grouped these ingredients into the four categories that today are known as the 4 P's of marketing
Marketing Mix

Marketing decisions generally fall into the following four controllable categories:
• Product
• Price
• Place (distribution)
• Promotion

2. What do you understand by the term Product and what can be the possible considerations that you will take into account while making decisions regarding a product or service?

Answer page132

Product Decisions

The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:

- Quality
- Safety
- Packaging
- Brand name
- Functionality
- Styling
- Repair and support
- Warranty
- Accessories and services

3. What can be the consideration of a firm while taking decision regarding the place as a component of marketing mix?

Answer page 133

Distribution (Place) Decisions

Distribution is about getting the products to the customer. Some examples of distribution decisions include:
• Distribution channels
• Market coverage (inclusive, selective, or exclusive distribution)
• Specific channel members
• Inventory management
• Warehousing
• Distribution centers
• Order processing
• Transportation
• Reverse logistics

4. Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?

Answer page 134

The following steps are required in product positioning:

1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.

3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

5. Finance or accounting plays an important role in successful strategy implementation process. You are required to give some of the examples of finance/accounting decisions that may require policies.(page no 135)
Answer page 135
Some examples of decisions that may require finance/accounting policies are:
1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level
3. To make or buy fixed assets.
4. To extend the time of accounts receivable.
5. To establish a certain percentage discount on accounts within a specified period of time.
6. To determine the amount of cash that should be kept on hand
7. To determine an appropriate dividend payout ratio.
8. to use LIFO, FIFO

6. Why the worth of the business is important in successful strategy implantation?
Answer page 139
Evaluating the Worth of a Business
Evaluating the worth of a business is central to strategy implementation because integrative, intensive, and diversification strategies are often implemented by acquiring other firms. Other strategies, such as retrenchment and divestiture, may result in the sale of a division of an organization or of the firm itself.
All the various methods for determining a business's worth can be grouped into three main approaches
1. **What a firm owns**
2. **What a firm earns**
3. **What a firm will bring in the market.**

7. Describe importance and limitations of financial budget?
Answer page 139
Fundamentally, financial budgeting is a method for specifying what must be done to complete strategy implementation successfully. Financial budgeting should not be thought of as a tool for limiting expenditures but rather as a method for obtaining the most productive and profitable use of an organization's resources. Financial budgets can be viewed as the planned allocation of a firm's resources based on forecasts of the future.

Financial budgets have some limitations. First, budgetary programs can become so detailed that they are cumbersome and overly expensive. Over budgeting or under budgeting can cause problems. Second, financial budgets can become a substitute for objectives. A budget is a tool and not an end in itself.
Third, budgets can hide inefficiencies if based solely on precedent rather than periodic evaluation of circumstances and standards. Finally, budgets are sometimes used as instruments of tyranny that result in frustration, resentment, absenteeism, and high turnover. To minimize the effect of this last concern, managers should increase the participation of subordinates in preparing budgets.

MCQ'S
1. Which one of the following is an example of product decisions?
► Brand name
► Volume discounts
► Distribution channels
► Order processing
Handout Page#132

2. Which variable would be considered as a part of pricing decisions?
►Warranty
►Bundling
►Safety
►Functionality
Page#133 Price Decisions
Some examples of pricing decisions to be made include:
• Pricing strategy (skim, penetration, etc.)
• Suggested retail price
• Volume discounts and wholesale pricing
• Cash and early payment discounts
• Seasonal pricing
• Bundling
• Price flexibility
• Price discrimination

3. Which one of the following is an example of place decisions?
► Safety and packaging
► Personal selling
► Public relations & publicity
► Order processing
Page#133 some examples of distribution decisions include:
• Distribution channels
• Market coverage (inclusive, selective, or exclusive distribution)
• Specific channel members
• Inventory management
• Warehousing
• Distribution centers

• Order processing
• Transportation
• Reverse logistics

4. All of the following are the examples of promotion decision EXCEPT:
► Personal selling
► Volume discounts
► Public relations
► Advertising
(Page#133) Promotional strategy (push, pull, etc.)
• Advertising
• Personal selling & sales force
• Sales promotions
• Public relations & publicity
• Marketing communications budget

5. All of the following steps are required in product positioning EXCEPT:
► Select key criteria that effectively differentiate products or services in the industry
► Position your firm in the middle of the map
► Plot major competitors' products or services in the resultant matrix
► Identify areas in the positioning map where the company' products or services could be most competitive in the given target market
The following steps are required in product positioning: Page#134
1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

6. Which of the following is NOT a decision that may require finance/accounting policies?
►To extend the time of accounts receivable
►To determine an appropriate dividend payout ratio
►To use LIFO, FIFO or a market-value accounting approach
►To determine the amount of product diversification
Page#135 Decisions that may require finance/accounting policies are:
1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level

3. To make or buy fixed assets.
4. To extend the time of accounts receivable.
5. To establish a certain percentage discount on accounts within a specified period of time.
6. To determine the amount of cash that should be kept on hand
7. To determine an appropriate dividend payout ratio.
8. To use LIFO, FIFO

7. What is a central strategy -implementation technique that allows an organization to examine the expected results of various actions and approaches?
►Financial budgeting
► TOWS analysis
► Projected financial statement
► External analysis
Pro forma (projected) financial statement analysis is a central strategy implementation technique because it allows an organization to examine the expected results of various actions and approaches. Page#136

8. In the low earnings period, which one of the following can endanger stockholders' return and can put in danger the company survival?
► Too much debt in the capital structure
► Too much liquid assets in the capital structure
► Too much equity in the capital structure
►Too much tax in the capital structure
In low earning periods, too much debt in the capital structure of an organization can endanger stockholders' return and jeopardize company survival. Page#136

9. Which of the following is the first step in preparing a pro forma financial analysis?
► Prepare the projected balance sheet
► Perform EPS/EBIT analysis
► Calculate the projected net income
► Prepare the projected income statement
Page#138 there are six steps in performing pro forma financial analysis:
1. Prepare income statement before balance sheet (forecast sales)
2. Use percentage-of-sales method to project CGS and expenses
3. Calculate projected net income
4. Subtract dividends to be paid from Net Income and add remaining to Retained Earnings
5. Project balance sheet times beginning with retained earnings
6. List comments (remarks) on projected statements.

10. Integrative, intensive, and diversification strategies are often implemented by which one of the followings?
► Liquidating firms
► Acquiring firms

► **Venturing firms**
► **Small firms**
Evaluating the worth of a business is central to strategy implementation because integrative, intensive, and diversification strategies are often implemented by acquiring other firms. Page#139

Lecture #39&40

1. Discuss the guide lines that can be use to determine whether the firm should conduct R&D internally or externally?
Answer page 141
Many firms wrestle with the decision to acquire R&D expertise from external firms or to develop R&D expertise internally. The following guidelines can be used to help make this decision:
1. If the rate of technical progress is slow, the rate of market growth is moderate, and there are significant barriers to possible new entrants, then in-house R&D is the preferred solution. The reason is that R&D, if successful, will result in a temporary product or process monopoly that the company can exploit.
2. If technology is changing rapidly and the market is growing slowly, then a major effort in R&D may be very risky, because it may lead to development of an ultimately obsolete technology or one for which there is no market.
3. If technology is changing slowly but the market is growing fast, there generally is not enough time for in-house development. The prescribed approach is to obtain R&D expertise on an exclusive or non exclusive basis from an outside firm.
4. If both technical progress and market growth are fast, R&D expertise should be obtained through acquisition of a well-established firm in the industry.

2. What is the purpose of strategy evaluation?
Answer page 145
Purpose of strategy evaluation
- **Strategy evaluation is vital to the organization's well-being**
- **Alert management to potential or actual problems in a timely fashion**
- **Erroneous strategic decisions can have severe negative impact on organizations**

3. Describe the process of strategies evaluation?
Answer page 146
The process of evaluating Strategies
1. Strategy evaluation is necessary for all sizes and kinds of organization. Strategy evaluation should initiate managerial questioning of expectations and assumptions should trigger a review of objectives and values and should stimulate creativity in generating alternative and formulating criteria of evaluation
2. Evaluating strategies on continuous rather than a periodic basis allows benchmark of progress to established and o\more effectively monitored

MCQ'S

1. R&D policies can enhance strategy implementation efforts to emphasize product or process improvements.
► True
► False
Page#140R&D policies can enhance strategy-implementation efforts to:
1. Develop robotics or manual-type processes.
2. Spend a high, average, or low amount of money on R&D.
3. Perform R&D within the firm or to contract R&D to outside firms.
4. Use university researchers or private sector researchers.
5. Emphasize product or process improvements.
6. Stress basic or applied research.
7. Be leaders or followers in R&D.

2. The in-house R&D is a preferred solution in which of the following situations?
► Technological progress is slow and market growth is moderate
► Technology is changing rapidly and market is growing slowly
► Technology is changing slowly and market is growing quickly
►Both technological progress and market growth rate are fast
If the rate of technical progress is slow, the rate of market growth is moderate, and there are significant barriers to possible new entrants, then in-house R&D is the preferred solution. Page#141

3. At least how many R & D approaches are used for the implementation of strategy?
► Two
► Three
► Four
► Five
Page#141There is at least three major R&D approaches for implementing strategies.
1. First firm to market new technological products
2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products

4. If technology is changing rapidly and the market is growing slowly then what decision the firm should take regarding R & D?
► In-house R&D should be established
► Acquisition of a well-established firm in the industry
► R&D investment is risky, so don't take any action
► Obtain R&D expertise on an nonexclusive basis
If technology is changing rapidly and the market is growing slowly, then a major effort in R&D may be very risky, because it may lead to development of an ultimately obsolete technology or one for which there is no market. Page#141

5. Which of the following is NOT one of the major approaches to R&D?

►To be an innovative imitator of successful products
►To be a low-cost producer by mass-producing products
►To be a differentiated products manufacturer in industry
►To be the first firm to market new technological products
There are at least three major R&D approaches for implementing strategies.
1. First firm to market new technological products
2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products Page#141

6. R&D expertise should be obtained through acquisition of a well-established firm in the industry in which of the following situation?
►If both technical progress and market growth are fast
►If technology is changing slowly but the market is growing fast
►If the technical progress is slow, market growth the rate is moderate
►If technology is changing rapidly and the market is growing slowly
PAGE#141If both technical progress and market growth are fast, R&D expertise should be obtained through acquisition of a well-established firm in the industry.

7. All of the following are included in Rumelt's criteria for evaluating strategies EXCEPT:
► Consonance
► Advantage
► Consistency
► Clarity
Page#145 Four Criteria (Richard Rummelt):
• Consistency
• Consonance
• Feasibility
• Advantage

8. What is the purpose of strategy evaluation?
►Increase the budget annually
►Alert management of problems
►Make budget changes
►Evaluate employees' performance
Page#145 Purpose of strategy evaluation
• Strategy evaluation is vital to the organization's well-being
•Alert management to potential or actual problems in a timely fashion
• Erroneous strategic decisions can have severe negative impact on organizations

9. while evaluating a strategy, corrective actions are almost always needed EXCEPT:
►When external and internal factors have not significantly changed
►When the firm is not progressing satisfactorily toward objectives
►When the firm has not achieved the stated organizational goals
►When there are differences between desired results and achieved results

Page#146 Corrective actions are almost always needed except when
(1) External and internal factors have not significantly changed and
(2) The firm is progressing satisfactorily toward achieving stated objectives.

3. Managers and employees of the firm should be continually aware of progress being made towards achieving the firm's objectives. As a critical success factors change, organization members should be involved in determining appropriate corrective action.

Lecture # 41
How firms can take "cost advantage" discuss by keeping in mind value chain activities?
Answer page 147
Creating a cost advantage based on the value chain
A firm may create a cost advantage:
- **By reducing the cost of individual value chain activities, or**
- **By reconfiguring the value chain.**

Porter identified 10 cost drivers related to value chain activities:
1. **Economies of scale.**
2. **Learning.**
3. **Capacity utilization.**
4. **Linkages among activities.**
5. **Interrelationships among business units.**
6. **Degree of vertical integration.**
7. **Timing of market entry.**
8. **Firm's policy of cost or differentiation.**
9. **Geographic location.**
10. **Institutional factors (regulation, union activity, taxes, etc.).**

2. Discuss porter's model primary activities of value chain?
Answer page 147
Porter supply chain model
The Value Chain framework of Michael Porter is a model that helps to analyze specific activities through which firms can create value and competitive advantage.
The activities of the Value Chain
- **Primary activities (line functions)**

Inbound Logistics: Includes receiving, storing, inventory control, transportation planning.
Operations: Includes machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product.
Outbound Logistics: The activities required to get the finished product at the customers: warehousing, order fulfillment, transportation, distribution management.

Marketing and Sales: **The activities associated with getting buyers to purchase the product, including: channel selection, advertising, promotion, selling, pricing, retail management, etc.**
Service: **The activities that maintain and enhance the product's value, including: customer support, repair services, installation, training, spare parts management, upgrading, etc.**

Write support activities of value chain?
Answer page 147
• Support activities (Staff functions, overhead)
Procurement: **Procurement of raw materials, servicing, spare parts, buildings, machines, etc.**
Technology Development: **Includes technology development to support the value chain**
Activities: **Such as: Research and Development, Process automation, design, redesign.**
Human Resource Management: **The activities associated with recruiting, development (education), retention and compensation of employees and managers.**
Firm Infrastructure: Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.

MCQ'S
1. Which of the following statement is correct about human resource management?
►It includes procurement of raw materials, servicing, spare parts, buildings, machines
►It Includes technology development to support the value chain activities like Process automation
►It includes the activities associated with recruiting and development of employees and managers
►It includes general management, planning management, legal, finance, accounting, public affairs
Page#147 Human Resource Management: The activities associated with recruiting, development (education), retention and compensation of employees and managers.

2. All of the following are the cost drivers of Porter's supply chain activities EXCEPT:
►Capacity utilization
►Timing of market entry
►Economies of scale
►Firm's infrastructure
Page#147 Porter identified 10 cost drivers related to value chain activities:
1. Economies of scale.
2. Learning.
3. Capacity utilization.
4. Linkages among activities.
5. Interrelationships among business units.

6. Degree of vertical integration.
7. Timing of market entry.
8. Firm's policy of cost or differentiation.
9. Geographic location.
10. Institutional factors

3. Which of the following statement is TRUE about 'firm infrastructure' as a support activity of Michael Porter's value chain model?
►It includes procurement of raw materials, servicing, spare parts, buildings, machines
►It Includes technology development to support the value chain activities like Process automation
►It includes the activities associated with recruiting and development of employees and managers
►It includes general management, planning management, legal, finance, accounting, public affairs
Page#147 Firm Infrastructure: Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc

4. Outbound logistics includes which one of the following?
► Receiving, storing, inventory control, transportation planning
► Machining, packaging, assembly, equipment maintenance, testing
► Activities required to get the finished product at the customers
► Activities that maintain and enhance the product's value
Outbound Logistics: The activities required to get the finished product at the customers: warehousing, order fulfillment, transportation, distribution management Page#147

5. Which of the following statement is correct about operations?
► It includes receiving, storing, inventory control & transportation planning
► It includes machining, packaging, assembling, maintaining equipment &testing
►It includes the activities required to get the finished product at the customers
►It includes the activities that maintain and enhance the product's value
(Page 147) Operations: Includes machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product.

6. All of the following are support activities of Porter's supply chain model EXCEPT:
► Firm Infrastructure
► Marketing and Sales
► Technology Development
► Procurement
Page#147 Support activities (Staff functions, overhead)
Procurement:
Technology Development:

Human Resource Management:
Firm Infrastructure

7. Which one of the following statements best describes the activity 'marketing and sales' of Porter's supply chain model?
► Machining, packaging, assembly, equipment maintenance & testing
► Activities linked with getting buyers to purchase the product
► Activities that maintain and enhance the product's value
► Receiving, storing, inventory control & transportation planning
Marketing and Sales: The activities associated with getting buyers to purchase the product, including: channel selection, advertising, promotion, selling, pricing, retail management, etc. Page#147
8. Which of the following statement is TRUE about Inbound Logistics?
► It includes receiving, storing, inventory control & transportation planning
► It includes machining, packaging, assembly, equipment maintenance & testing
►It includes activities required to deliver the finished product to the customers' end
►It includes the activities that maintain and enhance the product's value
Inbound Logistics. Includes receiving, storing, inventory control, transportation planning.Page#147

9. All of the following are the examples of technology development EXCEPT:
►Research and Development
►Quality management
►Process automation
►Design and redesign
Technology Development: Includes technology development to support the value chain activities. Such as: Research and Development, Process automation, design, redesign. Page#147

Lecture #42

1. Managerial disorder and strategic deviation will appear if there is power struggle and conflicts among the departments of organization. The situation negates which one of the Rumelt's criteria?
► Consistency
► Consonance
► Feasibility
►Advantage
Consistency: Strategy should not present inconsistent goals and policies. Conflict and interdepartmental bickering symptomatic of managerial disorder and strategic inconsistency Page#149

2. Which one of the following is NOT considered as a difficulty in evaluation of strategies?
►Increase in environment's complexity
►Difficulty predicting future with accuracy

►Decreasing number of variables
►Rate of obsolescence of plans
Page#149Difficulty in strategy evaluation –
1. Increase in environment’s complexity
2. Difficulty predicting future with accuracy
3. Increasing number of variables
4. Rate of obsolescence of plans
5. Domestic and global events
6. Decreasing time span for planning certainty

Lecture #43 & 44 lecture44 is the topic lec43 measuring organizational performance

1. Identify any five questions arises while developing a revised EFE matrix for, reviewing the underlying bases of an organization's strategy.
Answer page 150
A revised EFE Matrix should indicate how effective a firm's strategies have been in response to key opportunities and threats. This analysis could also address such questions as the following:
1. How have competitors reacted to our strategies?
2. How have competitors' strategies changed?
3. Have major competitors' strengths and weaknesses changed?
4. Why are competitors making certain strategic changes?
5. Why are some competitors' strategies more successful than others?
6. How satisfied are our competitors with their present market positions and profitability?
7. How far can our major competitors be pushed before retaliating?
8. How could we more effectively cooperate with our competitors?

2. Write some potential problems associated with using quantitative criteria for evaluating strategies.
Answer page 151
But there are some potential problems associated with using quantitative criteria for evaluating strategies.
First, most quantitative criteria are geared to annual objectives rather than long-term objectives.
Also, different accounting methods can provide different results on many quantitative criteria.
Third, intuitive judgments are almost always involved in deriving quantitative criteria. For these and other reasons, qualitative criteria are also important in evaluating strategies.
Human factors such as high absenteeism and turnover rates, poor production quality and quantity rates, or low employee satisfaction can be underlying causes of declining performance. Marketing, finance/accounting, R&D, or computer information systems factors can also cause financial problems.

3. Suggest that what would be the best way to overcome the individuals' resistance to change while taking corrective actions?
Answer page 152
Taking corrective actions raises employees' and managers' anxiety. Research suggests that participation in strategy-evaluation activities is one of the best ways to overcome individuals' resistance to change. According to Erez and Kanfer, individuals accept change best when they have a cognitive understanding of the changes, a sense of control over the situation, and an awareness that necessary actions are going to betaken to implement the changes.

4. Seymour Tilles acknowledged six qualitative questions that are practical in evaluating strategies. You are required to identify any five of them. Marks: 5
Answer page 153
Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:
1. is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. is the strategy workable?

MCQ's
1. A revised EFE Matrix should focus on which of the following?
► Changes in the organization's management, marketing R & D, computer information system and environment
► Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses
► Effectiveness of a firm's strategies in response to key opportunities and threats
► Effectiveness of an organization' strategy in pursuing the competitive goals and managerial actions
A revised EFE Matrix should indicate how effective a firm's strategies have been in response to key opportunities and threats.Page#150

2. To make changes in the organization's management, marketing, finance/accounting and R&D, which one of the following should be focused?
► Revised mission
► Revised IFE matrix
► Revised EFE matrix
► Revised EPM matrix
A revised IFE Matrix should focus on changes in the organization's management, marketing, finance/accounting, production/operations, R&D, and computer information systems strengths and weaknesses. Page#150

3. A revised IFE Matrix should focus on which one of the following?

► Changes in the organization's management, marketing R & D, computer information system and external environment
► Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses
► Effectiveness of a firm's strategies in response to key opportunities and threats
► Effectiveness of an organization' strategy in pursuing the competitive goals ands managerial actions
A revised IFE Matrix should focus on changes in the organization's management, marketing, finance/accounting, production/operations, R&D, and computer information systems strengths and weaknesses. Page#150

4. There are numerous external and internal factors that can prohibit firms from achieving long-term and annual objectives. Which of the following is NOT an external factor?
► Actions by competitors
► Changes in technology
► Changes in demand
► Ineffective strategies
Externally, actions by competitors, changes in demand, changes in technology, economic changes, demographic shifts, and governmental actions may prohibit objectives from being accomplished. Page#150

5. Which of the following statement is TRUE about most of the quantitative criteria evaluating strategies?
►These are geared to annual objective
►These are geared to short-term objective
►These are geared to long-term objective
►These are geared to social objectives
First, most quantitative criteria are geared to annual objectives rather than long term objectives. Page#151

6. What is the basis for quantitative financial evaluation?
►The EPS/EBIT Analysis
►Capital Asset Pricing Model
►Financial ratios
►Present value analysis
Quantitative criteria commonly used to evaluate strategies are financial ratios Page#151

7. All of the following are key financial ratios EXCEPT:
► Market share
► Production quality
► Earnings per share
► Return on equity
Page#151 Some key financial ratios that are particularly useful as criteria for strategy evaluation are as follows:

1. Return on investment
2. Return on equity
3. Profit margin
4. Market share
5. Debt to equity
6. Earnings per share
7. Sales growth
8. Asset growth

8. Some potential problems associated with using quantitative criteria for evaluating strategies include all of the following EXCEPT:
►Most quantitative criteria are geared to annual objectives rather than long-term objectives
►These ratios use qualitative data for evaluating strategies which often is not available
► Different accounting methods can provide different results on many quantitative criteria
► Intuitive judgments are almost always involved in deriving quantitative criteria
There are some potential problems associated with using quantitative criteria for evaluating strategies. First, most quantitative criteria are geared to annual objectives rather than long-term objectives. Also, different accounting methods can provide different results on many quantitative criteria. Third, intuitive judgments are almost always involved in deriving quantitative criteria.Page#151

9. Which of the following is MOST appropriate about financial ratios?
► Compare a firm' performance with competitors
► Compare a firm' performance with suppliers
► Compare a firm's performance with non-financial ratios
► Compare a firm's performance with business standards
(Page 151) Quantitative criteria commonly used to evaluate strategies are financial ratios, which strategists use to make three critical comparisons: (1) comparing the firm's performance over different time periods, (2) comparing the firm's performance to competitors', and (3) comparing the firm's performance to industry averages.

10. Which of the following is NOT a key financial ratio?
► Earnings per share
► Production growth
► Asset growth
► Profit margin
Handout Page#151
Some key financial ratios that are particularly useful as criteria for strategy evaluation are as follows:
1. Return on investment
2. Return on equity
3. Profit margin

4. Market share
5. Debt to equity
6. Earnings per share
7. Sales growth
8. Asset growth

11. Which one of the following is NOT correct about financial ratios?
►These are used to compare the firm's performance over different time periods
►These are used to compare the firm's performance relevant to its competitors'
►These are used to compare the firm's performance in relation to industry averages
►These are used to compare the firm’s performance in relation to future trends
(1) Comparing the firm's performance over different time periods,
(2) Comparing the firm's performance to competitors',
(3) Comparing the firm's performance to industry averages. Page#151

12. Strategy evaluation is based on which of the following?
►Quantitative and empirical criteria
►Empirical and qualitative criteria
►Qualitative and objective criteria
►Qualitative and quantitative criteria
Strategy evaluation is based on both quantitative and qualitative criteria. Page#153

Lecture #45
1. Describe qualities of good evaluation system?
Answer page 154
A Good evaluation system must posses various qualities. It must meet several basic requirements to be effective.

- **First, strategy-evaluation activities must be economical; too much information can be just as bad as too little information; and too many controls can do more harm than good.**
- **Strategy-evaluation activities also should be meaningful; they should specifically relate to a firm's objectives.**
- **They should provide managers with useful information about tasks over which they have control and influence.**
- **Strategy-evaluation activities should provide timely information; on occasion and in some areas, managers may need information daily..**
- **Strategy evaluation should be designed to provide a true picture of what is happening.**
- **Information derived from the strategy-evaluation process should facilitate action and should be directed to those individuals in the organization who need to take action based on it.**
- **Controls need to be action-oriented rather than information-oriented.**
- **The strategy-evaluation process should not dominate decisions; it should foster mutual understanding, trust, and common sense! No department should fail to cooperate with another in evaluating strategies.**

- **Strategy evaluations should be simple, not too cumbersome, and not too restrictive. Complex strategy evaluation systems often confuse people and accomplish little. The test of an effective evaluation system is its usefulness, not its complexity.**

2. Define and discuss contingency plans?
Answer page 155
Contingency plans can be defined as alternative plans that can be put into effect if certain key events do not occur as expected. Only high-priority areas require the insurance of contingency plans. Strategists cannot and should not try to cover all bases by planning for all possible contingencies. But in any case, contingency plans should be as simple as possible.
Some contingency plans commonly established by firms include the following:
1. If a major competitor withdraws from particular markets as intelligence reports indicate, what actions should our firm take?
2. If our sales objectives are not reached, what actions should our firm take to avoid profit losses?
3. If demand for our new product exceeds plans, what actions should our firm take to meet the higher demand?
4. If certain disasters occur—such as loss of computer capabilities; a hostile takeover attempt; loss of patent protection; or destruction of manufacturing facilities because of earthquakes, tornados, or hurricanes—what actions should our firm take?
5. If a new technological advancement makes our new product obsolete sooner than expected, what actions should our firm take?

3. Auditors who perform audit can be divided into three groups? Identify and define each of them.
Answer page 155 to156
Auditing is defined by the American Accounting Association (AAA) as "a systematic process of objectively obtaining and evaluating evidence regarding assertions about economic actions and events to ascertain the degree of correspondence between those assertions and established criteria, and communicating the results to interested users."
People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors. Independent auditors basically are certified public accountants (CPAs) who provide their services to organizations for a fee; they examine the financial statements of an organization to determine whether they have been prepared according to generally accepted accounting principles (GAAP) and whether they fairly represent the activities of the firm. Independent auditors use a set of standards called generally accepted auditing standards (GAAS). Public accounting firms often have a consulting arm that provides strategy-evaluation services.
Two government agencies—the General Accounting Office (GAO) and the Internal Revenue Service (IRS)—employ government auditors responsible for making sure that organization comply with federal laws, statutes, and policies. GAO and IRS

auditors can audit any public or private organization. The third group of auditor is employees within an organization who are responsible for safeguarding company assets, for assessing the efficiency of company operations, and for ensuring that generally accepted business procedures are practiced.

MCQs'

1. A good evaluation system must posses various qualities. Which of the following is not a characteristic of a good strategy evaluation system?

► Strategy-evaluation activities must be economical
► Strategy-evaluation activities should be meaningful
► Strategy-evaluation activities should dominate the decisions
► Strategy-evaluation activities should provide timely information

Page#154• First, strategy -evaluation activities must be economical; too much information can be just as bad as too little information; and too many controls can do more harm than good.

• Strategy -evaluation activities also should be meaningful; they should specifically relate to a firm's objectives.

• Strategy -evaluation activities should provide timely information; on occasion and in some areas, managers may need information daily.

2. Which of the following statement is TRUE about 'Controls' which are used in strategy evaluation stage?

►They are strategy-oriented
►They are action-oriented
►They are control-oriented
►They are information-oriented

Controls need to be action-oriented rather than information-oriented. Page#154

3. Identify a factor which determines the final design of a firm's strategy-evaluation and control system.

► Opportunities
► External characteristics
► Organization's characteristics
► Competition 'characteristics

The unique characteristics of an organization, including its size, management style, purpose, problems, and strengths, can determine a strategy-evaluation and control system's final design. Page#154

4. According to "Linneman and Chandran", which of the following permits quick response to change, prevents panic in crisis situations and makes managers more adaptable?

► Forecasting
► Contingency planning
► Taking corrective actions
► Environmental scanning

Linneman and Chandran reported that contingency planning gave users such as

DuPont, Dow Chemical, Consolidated Foods, and Emerson Electric three major benefits: It permitted quick response to change, it prevented panic in crisis situations, and it made managers more adaptable by encouraging them to appreciate just how variable the future can be.Page#155

5. The people who perform audit can be categorized as all of the following EXCEPT:
►Independent auditors
►Financial auditors
►Government auditors
►Internal auditors
People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.Page#155

6. Which of the following is defined as having alternative plans that can be put into effect if certain key events do not occur as expected?
►corporate agility
► Scenario planning
► Forecasting
► Contingency planning
Contingency plans can be defined as alternative plans that can be put into effect if certain key events do not occur as expected. Page#155

7. The product design, packaging, product disposal and corporate rewards should reflect which of the following?
► Product quality consideration
► Union consideration
► Environmental consideration
► Customer consideration
Page#156Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations.

8. Too much emphasis on evaluating strategies may be expensive and counterproductive.
► True
► False
Page#157Too much emphasis on evaluating strategies may be expensive and counterproductive.

The End
The LORD is my shepherd, I lack nothing. Psalm 23:1

MGT603 Final 2008 Paper Solved by vuZs Team with ref 5

FINALTERM EXAMINATION
Spring 2008
MGT603- Strategic Management

Solved by vuZs Team
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&
Mehreen Humayun

Time: 120 min
M - 81

MGT603 - Strategic Management - Question No: 1 (M - 1)
R&D expertise should be obtained through acquisition of a well-established firm in the industry in which of the following situation?

If both technical progress and market growth are fast
If technology is changing slowly but the market is growing fast
If the technical progress is slow, market growth the rate is moderate
If technology is changing rapidly and the market is growing slowly
If both technical progress and market growth are fast, R&D expertise should be obtained through acquisition of a well-established firm in the industry

MGT603 - Strategic Management - Question No: 2 (M - 1)
A desired future state that the organization attempts to realize . Identify the term relevant to the given statement.

Policy
Procedure
Goal
Strategy
A goal is a desired future state that the organization attempts to realize.

MGT603 - Strategic Management - Question No: 3 (M - 1)
The purpose of a mission statement is to declare all of the following EXCEPT:

A reason of being
A statement of purpose
An annual financial plan
A statement of beliefs

MGT603 - Strategic Management - Question No: 4 (M - 1)
Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much , this is the effect of
which of the following forces?

Economic forces
Social, cultural, and demographic forces
Technological forces
Competitive forces
Social, Cultural, Demographic, and Environmental Forces: Ethnic balance changes due to the migration of the people from different areas to different areas. This affects the ethical behavior very much.

MGT603 - Strategic Management - Question No: 5 (M - 1)
Which of the following can be considered as barriers to entering a market or industry?

The lack of economies of scale and experience and low levels of brand loyalty
The presence of large number of rivals already in the industry
Relatively large capital requirements and industry have economies of scale
The absence of tariffs, trade restrictions, and/or government-mandated regulations

MGT603 - Strategic Management - Question No: 6 (M - 1)
Which one of the statements is a good example of the competitive power of substitute products?

The competition between contact lens and eyeglasses
the competition between Amazon.com and traditional off-line bookstores
The competition between cellular phones and computers
The competition between Aspirin and joshanda

MGT603 - Strategic Management - Question No: 7 (M - 1)
Assigning 1 rating to a key external factor indicates that:

Response is average
Response is poor
Response is superior
Response is above average
Assign a 1-to-4 rating to each key external factor to indicate how effectively the firm's current strategies respond to the factor, 1 = the response is poor.

MGT603 - Strategic Management - Question No: 8 (M - 1)
What is the difference between CPM and EFE?

CPM includes both internal and external issues
The weight and total weighted score mean opposite
CPM ratings range from 1 to 10
CPM is performed only for the large businesses
The weights and total weighted scores in both a CPM and EFE have the same meaning. However, the factors in a CPM include both internal and external issues;

MGT603 - Strategic Management - Question No: 9 (M - 1)

Which of the following can be the strength of an organization?

A developing market
A new international market
Loosening of regulation
Strong management team

MGT603 - Strategic Management - Question No: 10 (M - 1)
Max Rent-a-Car is opening car rental shops in Wal-Mart stores, is an example of
which type of strategy?

Forward integration
Backward integration
Related diversification
Unrelated diversification
Forward integration strategy refers to the transactions between the customers.

MGT603 - Strategic Management - Question No: 11 (M - 1)
Which of the followings involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels?

Innovation
Differentiation
Product development
Market development
Product development is a strategy that seeks increased sales by improving or modifying present products or services.

MGT603 - Strategic Management - Question No: 12 (M - 1)
Abdullah Group of Industries is involved in the sale of its marginal business. It is
most likely to say that Abdullah Group is implementing ___________strategy.

Join venture
Acquisition
Liquidation
Retrenchment
Retrenchment can entail selling off land and buildings to raise needed cash, pruning product lines, closing marginal businesses, closing obsolete factories, automating processes, reducing the number of employees, and instituting expense control systems.

MGT603 - Strategic Management - Question No: 13 (M - 1)
Which strategy should be implemented when a division is responsible for an Organization's overall poor performance?

Divestiture

Forward integration
Cost leadership
Related diversification

MGT603 - Strategic Management - Question No: 14 (M - 1)
Matching stage of strategy formulation framework comprises of formulation of which of the following set of matrices?

BCG, SPACE, QSPM matrix
BCG, SPACE, TWOS Matrix
SPACE, TWOS and IFE matrix
BCG, SPACE, EFE Matrix
Stage-2 (Matching stage)
1. TWOS Matrix (Threats-Opportunities-Weaknesses-Strengths)
2. SPACE Matrix (Strategic Position and Action Evaluation)
3. BCG Matrix (Boston Consulting Group)

MGT603 - Strategic Management - Question No: 15 (M - 1)
Other than ranking strategies to achieve the prioritized list, only one analytical technique in strategy formulation which is designed to determine the relative attractiveness of feasible alternative actions is known as:

SPACE
QSPM
IFE
CPM
QSPM: That is only technique designed to determine the relative attractiveness of feasible alternative action.

MGT603 - Strategic Management - Question No: 16 (M - 1)
ABC Corporation can have competitive advantage over its competitor by taking all of the following actions EXCEPT:

By increasing product quality
By having debt to equity ratio=1
By altering product life cycle
By increasing customer base

MGT603 - Strategic Management - Question No: 17 (M - 1)
What type of strategies would you recommend when a firm s SPACE Matrix directional vector has the coordinates (-4, -4)?

Aggressive
Conservative
Competitive
Defensive

MGT603 - Strategic Management - Question No: 18 (M - 1)
A position vector with (-6, +6) coordinates describes which one of the following statement regarding SPACE analysis matrix?

A financially weak and highly competitively firm
A financially strong and highly competitively firm
A Financially strong firm but competitively weak
A financially as well as competitively weak firm

MGT603 - Strategic Management - Question No: 19 (M - 1)
Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:

New investments
Production efficiency
Distribution efficiency
Product innovation

MGT603 - Strategic Management - Question No: 20 (M - 1)
On the x-axis of IE Matrix, an IFE total weighted score of 3.75 depicts what?

A weak internal position
An average internal position
A strong internal position
A low internal position
On the x-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.

MGT603 - Strategic Management - Question No: 21 (M - 1)
Which of the following is TRUE about weights assigned in QSPM?

This refers to preference assigned to the internal and external factors
This refers to relative importance of the internal and external factors
This refers to the insignificance of the internal and external factors
This refers to the relative size of the internal and external factors
The weight assigned to a given factor indicates the relative importance of the factor to being successful in the firm's industry.

MGT603 - Strategic Management - Question No: 22 (M - 1)
What can be the limitation of QSPM?

Only a few strategies can be evaluated simultaneously
The cost of doing the analysis is very high
Intuitive judgments and educated assumption are required
It requires equal participation of everyone in organization
Limitations of 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

MGT603 - Strategic Management - Question No: 23 (M - 1)
Which of the following is NOT a part of resource allocation plan?

Basic allocation decision
Contingency mechanisms
Primary allocation mechanism
None of the given options
The plan has two parts:
Firstly, there is the basic allocation decision
Secondly there are contingency mechanisms.

MGT603 - Strategic Management - Question No: 24 (M - 1)
Which one of the following is not an approach to resolve conflicts?

Avoidance
Defusion
Confrontation
Ignorance
Strategies for resolving or preventing the development of conflict can be classified as avoidance, diffusion, or confrontation.

MGT603 - Strategic Management - Question No: 25 (M - 1)
Which approach for managing and resolving conflict involves playing down differences between conflicting parties while stressing on similarities and common interests?

Avoidance
Compliance
Defusion
Confrontation
A diffusion strategy can include playing down differences between conflicting parties while accenting similarities and common interests, compromising so that there is neither a clear winner nor loser, resorting to majority rule, appealing to a higher authority, or redesigning present positions.

MGT603 - Strategic Management - Question No: 26 (M - 1)
Which of the following is best identified as being an adaptation of the divisional structure?

Vertical Integration
Strategic business units
Joint venture
None of the given options
The strategic business unit (SBU) is an adaptation of the divisional structure whereby various divisions or parts of divisions are grouped together based on some common strategic elements.

MGT603 - Strategic Management - Question No: 27 (M - 1)
All of the following would be considered as true statements regarding the matrix
organizational structure EXCEPT which one?

It reduces managerial positions
It shares authority and responsibility among managers
It distributes stress among the team members
It maintains better balance between time and performance
A matrix structure can result in higher overhead because it creates more management positions.

MGT603 - Strategic Management - Question No: 28 (M - 1)
The inventory is viewed as which of the following in Just In Time Inventory system:

Incurring costs
Adding value
Disburse expense
None of the given options
First off inventory is seen as incurring costs instead of adding value, contrary to traditional thinking.

MGT603 - Strategic Management - Question No: 29 (M - 1)
What is NOT a major benefit of having a diverse workforce?

Improvement of the bottom line
An increase in training costs
An increase in productivity
A decrease in complaints

MGT603 - Strategic Management - Question No: 30 (M - 1)
Market segmentation is especially used in implementing strategies by which of the following firms?

Small firms
Large firms
Medium-size firms
All of the given options
Market segmentation is widely used in implementing strategies, especially for small and specialized firms.

MGT603 - Strategic Management - Question No: 31 (M - 1)
All of the following are the requirements for successful segmentation EXCEPT:

Segment is large enough to be profitable
Homogeneity between the segments
Segments are accessible and actionable
Heterogeneity between segments
The requirements for successful segmentation are:

- Homogeneity within the segment
- Heterogeneity between segments
- Segments are measurable and identifiable

- Segments are accessible and actionable

MGT603 - Strategic Management - Question No: 32 (M - 1)
The process of dividing markets into groups of consumers who are similar to each other .Which of the Following terms describes the statement?

Positioning
Segmentation
Marketing
Targeting
Market segmentation is the process in marketing of grouping a market into smaller subgroups.

MGT603 - Strategic Management - Question No: 33 (M - 1)
Which of the following statements is FALSE about mass marketing?

Mass marketing reduces costs through economies of scale by the increased volume
Mass marketing does not try to please all customers with same offering
Mass marketing allows economies of scale to be realized through mass production
Mass Marketing means attempting to sell the same product to a wider audience
Mass marketing refers to treatment of the market as a homogenous group and offering the same marketing mix to all customers. Mass marketing allows economies of scale to be realized through mass production, mass distribution, and mass communication. The drawback of mass marketing is that customer needs and preferences differ and the same offering is unlikely to be viewed as optimal by all customers.

MGT603 - Strategic Management - Question No: 34 (M - 1)
Which of these is the most common type of budgeting time frame?

Daily
Monthly
Quarterly
Annually
Annual budgets are most common, although the period of time for a budget can range from one day to more than ten years.

MGT603 - Strategic Management - Question No: 35 (M - 1)
At least how many R & D approaches are used for the implementation of strategy?

Three
Four
Five
Two
There are at least three major R&D approaches for implementing strategies.

1. First firm to market new technological products
2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products

MGT603 - Strategic Management - Question No: 36 (M - 1)
Which one of the following is not a rivalry determinant of Porter s model?

Differentiation of inputs
Industry growth
Diversity of competitors
Switching costs
Determinant of rivalry: Industry Growth, Fixed Costs/Value Added, Intermittent overcapacity, Product Differences, Brand Identity, Switching Costs, Concentration and balance, Informational Complexity, Diversity of Competitors, Corporate Stakes, Exit Barriers.

MGT603 - Strategic Management - Question No: 37 (M - 1)
What is the purpose of strategy evaluation?

Increase the budget annually
Alert management of problems
Make budget changes
Evaluate employees performance
Purpose of strategy evaluation
• Strategy evaluation is vital to the organization’s well-being
• Alert management to potential or actual problems in a timely fashion
• Erroneous strategic decisions can have severe negative impact on organizations

MGT603 - Strategic Management - Question No: 38 (M - 1)
All of the following are the examples of technology development EXCEPT:

Research and Development
Quality management
Process automation
Design and redesign
Technology Development: Includes technology development to support the value chain activities. Such as: Research and Development, Process automation, design, redesign.

MGT603 - Strategic Management - Question No: 39 (M - 1)
Strategy evaluation is based on which of the following?

Quantitative and empirical criteria
Empirical and qualitative criteria
Qualitative and objective criteria
Qualitative and quantitative criteria
Strategy evaluation is based on both quantitative and qualitative criteria.

MGT603 - Strategic Management - Question No: 40 (M - 1)

Which of the following statement is TRUE about most of the quantitative criteria of evaluating strategies?

These are geared to annual objective
These are geared to short-term objective
These are geared to long-term objective
These are geared to social objectives
Most quantitative criteria are geared to annual objectives rather than long-term objectives.

MGT603 - Strategic Management - Question No: 41 (M - 1)
What is the basis for quantitative financial evaluation?

The EPS/EBIT Analysis
Capital Asset Pricing Model
Financial ratios
Present value analysis
Quantitative criteria commonly used to evaluate strategies are financial ratios.

MGT603 - Strategic Management - Question No: 42 (M - 1)
The people who perform audit can be categorized as all of the following EXCEPT:

Independent auditors
Financial auditors
Government auditors
Internal auditors
People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

MGT603 - Strategic Management - Question No: 43 (M - 3)
Formulation framework is considered to be the input stage of a Comprehensive Strategy-Formulation Framework. You are required to identify the strategy formulation tools included in this stage.

Answer:

QSPM (Quantitative Strategic Planning Matrix):
Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage, Stage 1 summarizes the basic input information needed to formulate strategies.

MGT603 - Strategic Management - Question No: 44 (M - 3)
One of the approaches to implement change says: People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions. Identify that approach and explain.

Answer:

Change Management Strategies:

There are four Change Management Strategies, which are as follows:

I. 1.Empirical-Rational
II. 2.Normative-Re educative
III. 3.Power-Coercive
IV. 4.Environmental-Adaptive

Power-Coercive:
"People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions."

People are rational and will follow their self-interest, once it is revealed to them. Change is based on the communication of information and the proffering of incentives. People are social beings and will adhere to culture norms and values. Change is based on redefining and reinterpreting existing norms and values, and developing commitments to new ones.

MGT603 - Strategic Management - Question No: 45 (M - 3)
Net worth can be used to determine credit worthiness because it gives a snapshot of the company's investment history. Identify three approaches for determining the worth of a business.

Answer:

Methods for determining a business's worth:

All the various methods for determining a business's worth can be grouped into three main approaches:
1. What a firm owns
2. What a firm earns
3. What a firm will bring in the market.

MGT603 - Strategic Management - Question No: 46 (M - 5)
Explain the benefits and limitations of developing a Boston Consulting Group Matrix.

Answer:

Benefits of Boston Consulting Group Matrix:

BCG opens an organization to several benefits such as the ones listed in the following article:

Simplifies management: The BCG is an effective management tool and it offers a good framework for resource allocation among various units. This enables the managers to compare several business units whenever they want. It simplifies many business factors through showing employees the market share as well as growth rate and how to use them to create new strategies.

Popular matrix: Even though BCG matrix may be among the oldest matrices ever formulated, it is also the most common and best known matrix taught all over the world. There are forums on the internet where individuals share their ideas on the best methods of using BCG matrix because of its popularity. This means that those looking to use it will never lack assistance and support. The BCG still remains a quick and beneficial guide for resource allocation and ensuring better profits.

Better decision making: The BCG allows for the making of comparisons so as to measure the growth and development rate of a company against the average growth rate in that specific industry. In addition, this particular matrix is also enjoyable to use, encouraging better decision making. Large organizations that are normally in need of effective decision making can benefit a lot from using BCG matrix, especially those seeking better resource management.

Limitations of Boston Consulting Group Matrix:

1. Viewing every business as a star, cash cow, dog, or MGT603 - Strategic Management - Question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

MGT603 - Strategic Management - Question No: 47 (M - 5)
Describe the kind of strategy-evaluation system, a large and a small organization require?

Answer:
Large organizations require a more elaborate and detailed strategy-evaluation system because it is more difficult to coordinate efforts among different divisions and functional areas.

Managers in small companies often communicate with each other and their employees daily and do not need extensive evaluative reporting systems.

MGT603 - Strategic Management - Question No: 48 (M - 10)

Suppose you are a strategist in a company and you want to evaluate the effectiveness of your contingency planning? How will you do it?

Answer:

Contingency planning:

They suggested that effective contingency planning involves a seven-step process as follows:
1. Identify both beneficial and unfavorable events that could possibly derail the strategy or strategies.
2. Specify trigger points. Calculate about when contingent events are likely to occur.
3. Assess the impact of each contingent event. Estimate the potential benefit or harm of each contingent event.
4. Develop contingency plans. Be sure that contingency plans are compatible with current strategy and are economically feasible.
5. Assess the counter impact of each contingency plan. That is, estimate how much each contingency plan will capitalize on or cancel out its associated contingent event. Doing this will quantify the potential value of each contingency plan.
6. Determine early warning signals for key contingent events. Monitor the early warning signals.
7. For contingent events with reliable early warning signals, develop advance action plans to take advantage of the available lead time.

MGT603 - Strategic Management - Question No: 49 (M - 10)
The Management of Voyager Pvt.Ltd. has been facing a decline in sales and profits since 9 months due to strong competitors. Now the management has decided to restructure the company. You being a management consultant are required to guide them in the following areas:

The process of restructuring (2)
In which cases they should use this option? (2)
What would be the benefits of restructuring to the organization? (3)
What possible actions the management should take while restructuring the company? (3)

Answer:

The process of restructuring:

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.

Restructuring is the corporate management term for the act of partially dismantling and reorganizing a company for the purpose of making it more efficient and therefore more profitable. It generally involves selling off portions of the company and making severe staff reductions.

In which cases they should use this option?

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.

Restructuring is often done as part of a bankruptcy or of a takeover by another firm, particularly a leveraged buyout by a private equity firm such as KKR. It may also be done by a new CEO hired specifically to make the difficult and controversial decisions required to save or reposition the company.

What would be the benefits of restructuring to the organization?

A company that has been restructured effectively will generally be leaner, more efficient, better organized, and better focused on its core business. If the restructured company was a leverage acquisition, the parent company will likely resell it at a profit when the restructuring has proven successful.

The primary benefit sought from restructuring is cost reduction. For some highly bureaucratic firms, restructuring can actually rescue the firm from global competition and demise. But the downside of restructuring can be reduced employee commitment, creativity, and innovation that accompany the uncertainty and trauma associated with pending and actual employee layoffs.

What possible actions the management should take while restructuring the company?

Management needs to improve the Company's operating efficiency, achieve greater global consistency and drive improved financial performance.

MGT603 Final term Paper 2010 Solved by vuZs Team with ref 2

FINALTERM EXAMINATION
Spring 2010
MGT603- Strategic Management

Shared by Maqsood Ahmed
Solved by vuZs Team
Zubair Hussain, Aniqa Malik, Eemaan Khan
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Time: 120 min

MGT603 Strategic Management - Question No: 1 (M - 1)
Concentric Diversification involves heading towards which of the following?

- **Adding new, but related, products or services**
- Adding new, unrelated products or services
- Regrouping through cost and asset reduction
- Adding unrelated products or services for new customers

Concentric Diversification: Adding new, but related, products or services.

MGT603 Strategic Management - Question No: 2 (M - 1)
Which of the following is often considered the first step in strategic planning?

- Devising a mission statement
- **Developing a vision statement**
- Setting annual objectives
- Formulating set of strategies

Developing a vision statement is often considered the first step in strategic planning.

MGT603 Strategic Management - Question No: 3 (M - 1)
Which of the following can be considered as a factor of internal strengths and weaknesses of an organization?

- Technological changes
- **Production/operations**
- Demographics
- Competitive trends

MGT603 Strategic Management - Question No: 4 (M - 1)
Long-term objectives includes all of the following EXCEPT:

- Measurable
- Reasonable
- **Varying**
- Consistent

The Nature of Long-Term Objectives: Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units.

MGT603 Strategic Management - Question No: 5 (M - 1)
All of the following statements are true about a firm's mission statement EXCEPT:

- A mission statement directly contributes positively to financial performance
- A mission statement does not directly contribute positively to financial performance

► A mission statement should not provide useful criteria for selecting among alternative strategies

► Primary reason to develop a mission statement is not to attract the customers

A business mission should provide useful criteria for selecting among alternative strategies.

MGT603 Strategic Management - Question No: 6 (M - 1)

According to 'Peter Drucker', what is the prime task of strategic management?

► To develop the vision of the business
► Effectively evaluate the strategies
► To think through the overall mission of a business
► Develop alternative set of strategies

Peter Drucker: Think through the overall mission of a business.

MGT603 Strategic Management - Question No: 7 (M - 1)

"A complex set of basic underlying assumptions and deeply held beliefs shared by all members of the group and drive in important ways the behavior of individuals in the organizational context" is known as:

► Internal audit
► Organizational culture
► Internal assessment
► Organizational strategy

Organizational Culture - Organizational Culture is a complex set of basic underlying assumptions and deeply held beliefs shared by all members of the group that operate at a preconscious level and drive in important ways the behavior of individuals in the organizational context.

MGT603 Strategic Management - Question No: 8 (M - 1)

Which of these is the allocation and reallocation of capital and resources to projects, products, assets and divisions of an organization?

► Investment decision
► Financing decisions
► Restructuring decisions
► Strategic decision

The investment decision, also called capital budgeting, is the allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization.

MGT603 Strategic Management - Question No: 9 (M - 1)

Amir, a sole proprietor, uses the information system to ask the MGT603 Strategic Management - Question; "What if the prices will decrease by 16% in the next year?" Which of the following functions the information system is performing for Amir?

► Functional support role
► Decisional support role

► Managerial support role
► Analytical supporting role

The business decision-making support function goes one step further. It becomes an integral part -- even a vital part -- of decision -making. It allows users to ask very powerful "What if…?" MGT603 Strategic Management - Questions: What if we increase the price by 5%? What if we increase price by 10%?

MGT603 Strategic Management - Question No: 10 (M - 1)
Which of the following is sometimes referred as “the mystery approach to decision making, when subordinates are left to figure out what is happening and why”?

► Managing by hope
► Managing by extrapolation
► Managing by crisis
► **Managing by subjectives**

Managing by Subjective: Referred to as the mystery approach to decision making because subordinates are left to figure out what is happening and why.

MGT603 Strategic Management - Question No: 11 (M - 1)
The purpose of an external audit is to prepare a list of which of the following?

► Opportunities and weaknesses
► Threats and strengths
► **Opportunities and threats**
► Strengths and weaknesses

MGT603 Strategic Management - Question No: 12 (M - 1)
Defensive strategies include all of the following EXCEPT:

► Retrenchment
► **Acquisition**
► Divestiture
► Liquidation

Defensive Strategies: In addition to integrative, intensive, and diversification strategies, organizations also could pursue retrenchment, divestiture, or liquidation.

MGT603 Strategic Management - Question No: 13 (M - 1)
Smoothies Tire & Rubber Co. is selling its North American tire business to Avinza International, is an example of which type of strategy?

► Related diversification
► Retrenchment
► **Divestiture**
► Liquidation

Selling a division or part of an organization is called divestiture.

MGT603 Strategic Management - Question No: 14 (M - 1)
Which stage of the "Strategy Formulation Framework" includes an External Factor Evaluation Matrix and a Competitive Profile Matrix?

- ► Matching
- ► Decision
- **► Input**
- ► All of the given options

Formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix. Called the Input Stage.

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MGT603 Strategic Management - Question No: 15 (M - 1)
Which one of the followings is a sign of strength in a company's competitive position?

- ► A website with extensive information about the company and its product line
- ► Annual R&D and advertising expenditures greater than Rs.10 million
- **► A strongly differentiated product, a strong or rising market share**
- ► A debt-to-asset ratio below 0.50 and a positive net cash flow and higher EPS

Sign of strength in a company's competitive position: A strongly differentiated product, a strong or rising market share and important resources or capabilities.

MGT603 Strategic Management - Question No: 16 (M - 1)
Firm with its SPACE matrix vector in conservative quadrant should peruse all of the following strategies EXCEPT:

- ► Market penetration
- ► Product development
- ► Market development
- **► Divestiture**

Quadrant II
Market development
Market penetration
Product development
Horizontal integration
Liquidation

MGT603 Strategic Management - Question No: 17 (M - 1)
All of the following would be considered while judging the financial strength of an organization EXCEPT:

- ► Increase in revenues
- **► Market share**
- ► Return on Investment
- ► Cash flow statement

Financial Strength (FS):

- Risk involved in business
- Debt to equity ratio
- Working capital condition
- Leverage
- Liquidity
- Ease of exit from market
- Cash flow statement
- Return on investment

Market share is a Competitive Advantage (CA).

MGT603 Strategic Management - Question No: 18 (M - 1)
What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-4, -4)?

► Aggressive
► Conservative
► Competitive
► Defensive

MGT603 Strategic Management - Question No: 19 (M - 1)
All of the following are the limitations of BCG Matrix EXCEPT:

► It is one-dimensional to view every business as a star, cash cow, dog or MGT603 Strategic Management - Question mark
► BCG can not be developed if a firm has at least less than three years data
► The businesses that fall in the centre of BCG matrix can not be classified
► Other variables such as size of market and competitive advantages are not considered

Limitations of BCG Matrix:
1. Viewing every business as a star, cash cow, dog, or MGT603 Strategic Management - Question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions.

MGT603 Strategic Management - Question No: 20 (M - 1)
Which one of the following is NOT a major region of IE matrix?

► Grow and build
► Grow and maintain
► Hold and maintain
► Harvest or divest

IE Matrix divided into three major regions:

Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

MGT603 Strategic Management - Question No: 21 (M - 1)
Which of the following strategy should be perused first by the Irtiza Insurance Company as it is located in Quadrant III of the Grand Strategy Matrix?

► Diversification
► Liquidation
► **Retrenchment**
► Divestiture

Quadrant III

- Retrenchment
- Concentric diversification
- Horizontal diversification
- Conglomerate diversification
- Liquidation
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MGT603 Strategic Management - Question No: 22 (M - 1)
According to the Grand Strategy Matrix, in which quadrant organizations have a strong competitive position but are in a slow-growth industry?

► I
► II
► III
► **IV**

Qurdant-4 contains that company's strong competitive situation and slow market growth.

MGT603 Strategic Management - Question No: 23 (M - 1)
Which of the following is TRUE about weights assigned in QSPM?

► This refers to preference assigned to the internal and external factors
► **This refers to relative importance of the internal and external factors**
► This refers to the insignificance of the internal and external factors
► This refers to the relative size of the internal and external factors

The weight assigned to a given factor indicates the relative importance of the factor to being successful in the firm's industry.

MGT603 Strategic Management - Question No: 24 (M - 1)
Which of the following is a Functional level objective?

► Achieving return on investment of at least 15%
► **Aiming to achieve a market share of 10%**
► Attaining operating profit of over Rs.10 million
► Increase earnings per share by at least 10% every

Examples of functional marketing objectives" might include: We aim to achieve a market share of 10%.

MGT603 Strategic Management - Question No: 25 (M - 1)
All of the following are the examples of promotion decision EXCEPT:

- ► Personal selling
- **► Volume discounts**
- ► Public relations
- ► Advertising

Marketing communication decisions include:
• Promotional strategy (push, pull, etc.)
• Advertising
• Personal selling & sales force
• Sales promotions
• Public relations & publicity
• Marketing communications budget

MGT603 Strategic Management - Question No: 26 (M - 1)
Which alternative becomes more attractive financing technique when cost of capital is high?

- ►Debt Financing
- ► Combination financing
- **► Raising equity**
- ► Borrowing

MGT603 Strategic Management - Question No: 27 (M - 1)
Which of the following is the first step in preparing a pro forma financial analysis?

- ► Prepare the projected balance sheet
- ► Perform EPS/EBIT analysis
- ► Calculate the projected net income
- **► Prepare the projected income statement**

There are six steps in performing pro forma financial analysis:
1. Prepare income statement before balance sheet (forecast sales)

MGT603 Strategic Management - Question No: 28 (M - 1)
What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

- ► Financial budgeting
- ► TOWS analysis
- **► Projected financial statement**
- ► External analysis

Pro forma (projected) financial statement analysis is a central strategy-implementation technique because it allows an organization to examine the expected results of various actions and approaches.

MGT603 Strategic Management - Question No: 29 (M - 1)

In preparing projected statements, to project cost of goods sold and the expense items in the income statement, which of the following is recommended?

- ► Use the net worth method
- ► EPS/EBIT analysis
- ► **Use percentage-of-sales method**
- ► Use price-earnings ratio method

Pro forma financial analysis: Use percentage-of-sales method to project Cost of Goods Sold and selling & administrative expenses.

MGT603 Strategic Management - Question No: 30 (M - 1)

Integrative, intensive, and diversification strategies are often implemented by which one of the followings?

- ► Liquidating firms
- ► **Acquiring firms**
- ► Venturing firms
- ► Small firms

Evaluating the worth of a business is central to strategy implementation because Integrative, intensive, and diversification strategies are often implemented by acquiring other firms.

MGT603 Strategic Management - Question No: 31 (M - 1)

At least how many approaches are used for the implementation of strategy?

- ► Two
- ► **Three**
- ► Four
- ► Five

There are at least three major R&D approaches for implementing strategies.
1. First firm to market new technological products
2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products

MGT603 Strategic Management - Question No: 32 (M - 1)

Managerial disorder and strategic deviation will appear if there is power struggle and conflicts among the departments of organization. The situation negates which one of the Rumelt's criteria?

- ► **Consistency**
- ► Consonance
- ► Feasibility
- ► Advantage

Consistency: Strategy should not present inconsistent goals and policies. Conflict and interdepartmental bickering symptomatic of managerial disorder and strategic inconsistency.

MGT603 Strategic Management - Question No: 33 (M - 1)
While evaluating a strategy, corrective actions are almost always needed EXCEPT:

- ► **When external and internal factors have not significantly changed**
- ► When the firm is not progressing satisfactorily toward objectives
- ► When the firm has not achieved the stated organizational goals
- ► When there are differences between desired results and achieved results

Corrective actions are almost always needed except when External and internal factors have not significantly changed and the firm is progressing satisfactorily toward achieving stated objectives. Comparing expected results with actual results. (vuzs)

MGT603 Strategic Management - Question No: 34 (M - 1)
All of the following are the examples of service activity of Porter's supply chain model EXCEPT:

- ► Customer support
- ► **Packaging**
- ► Repair services
- ► Installation

Service: The activities that maintain and enhance the product's value, including: customer support, repair services, installation, training, spare parts management, upgrading, etc.

MGT603 Strategic Management - Question No: 35 (M - 1)
All of the following are primary activities of Porter's supply chain model EXCEPT:

- ► Marketing and Sales
- ► Outbound Logistics
- ► **Firm Infrastructure**
- ► Inbound Logistics

Firm Infrastructure is included in support activities.

MGT603 Strategic Management - Question No: 36 (M - 1)
Which of the following statement is TRUE about Inbound Logistics?

- ► **It includes receiving, storing, inventory control & transportation planning**
- ► It includes machining, packaging, assembly, equipment maintenance & testing
- ► It includes activities required to deliver the finished product to the customers' end
- ► It includes the activities that maintain and enhance the product's value

Inbound Logistics. Includes receiving, storing, inventory control, transportation planning.

MGT603 Strategic Management - Question No: 37 (M - 1)

A revised EFE Matrix should focus on which of the following?

► Changes in the organization's management, marketing R & D, computer information system and environment.
► Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses.
► **Effectiveness of a firm's strategies in response to key opportunities and threats.**
► Effectiveness of an organization’s strategy in pursuing the competitive goals and managerial actions.

A revised EFE Matrix should indicate how effective a firm's strategies have been in response to key opportunities and threats.

MGT603 Strategic Management - Question No: 38 (M - 1)

The product design, packaging, product disposal and corporate rewards should reflect which of the following?

► Product quality consideration
► Union consideration
► **Environmental consideration**
► Customer consideration

Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations.

MGT603 Strategic Management - Question No: 39 (M - 1)

Which of the following is TRUE about Vision statement of a company?

► It defines the customers
► **It concentrates on future**
► It identifies critical processes
► It informs about the desired level of performance

Many organizations today develop a "vision statement" which answers the MGT603 Strategic Management - Question, what do we want to become?

MGT603 Strategic Management - Question No: 40 (M - 1)

Alternative strategy is decided in decision stage of Strategy-Formulation Framework. Which matrix is used in this stage to serve this purpose?

► BCG Matrix
► SPACE Matrix
► IE Matrix
► **QSPM Matrix**

The Quantitative Strategic Planning Matrix (QSPM): Decision stage: In this stage it is decided that which way is most appropriate or which alternative strategy should be select. This stage contains QSPM that is only tool for objective evaluation of alternative strategies.

MGT603 Strategic Management - Question No: 41 (M - 1)

Input stage of strategy formulation framework includes developing which of the following set of matrices?

► IFE, EFE and QSPM matrix
► IFE, IE and BCG matrix
► **IFE, CPM and EFE matrix**
► EFE, IE and CPM matrix

Input Stage: Stage 1 of the formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix.

MGT603 Strategic Management - Question No: 42 (M - 1)
Identify a case when a firm should adopt aggressive strategies.

► **If a firm's directional vector is located in upper-right quadrant of a SPACE matrix**
► If a firm's directional vector is located in upper-left quadrant of a SPACE matrix
► If a firm's directional vector is located in lower-right quadrant of a SPACE matrix
► If a firm's directional vector is located in lower-left quadrant of a SPACE matrix

MGT603 Strategic Management - Question No: 43 (M - 1)
Firms located in which quadrant of the Grand Strategy Matrix are in an excellent strategic position?

► **I**
► II
► III
► IV

Firms located in Quadrant I of the Grand Strategy Matrix are in an excellent strategic position.

MGT603 Strategic Management - Question No: 44 (M - 1)
Which of the following is the best divisional structure when a few major customers are of paramount importance and many different services are provided to these customers?

► By geographic area
► **By customer**
► By product
► By process

When a few major customers are of paramount importance and many different services are provided to these customers, then a divisional structure by customer can be the most effective way to implement strategies.

MGT603 Strategic Management - Question No: 45 (M - 1)
How can an ESOP empower employees?

► **It empowers employees to work as owners**
► It empowers employees to make financial plan
► It empowers employees to assess customer's needs
► It empowers employees to give training to other workers
The ESOP empowers employees to work as owners of those companies.

MGT603 Strategic Management - Question No: 46 (M - 1)
Which of these is not a correct step in product positioning?

► Select key criteria that effectively differentiate products or services in the industry
► **Position your firm in the middle of the map**
► Plot major competitors' products or services in the resultant matrix
► Identify areas in the positioning map where the company's products or services could be most competitive in the given target market.
The following steps are required in product positioning:
1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

MGT603 Strategic Management - Question No: 47 (M - 1)
Some potential problems associated with using quantitative criteria for evaluating strategies include all of the following EXCEPT:

► Most quantitative criteria are geared to annual objectives rather than long-term objectives
► **These ratios use qualitative data for evaluating strategies which often is not available**
► Different accounting methods can provide different results on many quantitative criteria
► Intuitive judgments are almost always involved in deriving quantitative criteria
Rationale: Ratios always use quantitative data for evaluation which is often not available.
There are some potential problems associated with using quantitative criteria for evaluating strategies.
First, most quantitative criteria are geared to annual objectives rather than long-term objectives.
Also, different accounting methods can provide different results on many quantitative criteria.

Third, intuitive judgments are almost always involved in deriving quantitative criteria.

MGT603 Strategic Management - Question No: 48 (M - 1)
Which of the following is MOST appropriate about financial ratios?

► **Compare a firm's performance with competitors**
► Compare a firm's performance with suppliers
► Compare a firm's performance with non-financial ratios
► Compare a firm's performance with business standards

Quantitative criteria commonly used to evaluate strategies are financial ratios, which strategists use to make three critical comparisons:
(1) comparing the firm's performance over different time periods,
(2) comparing the firm's performance to competitors', and
(3) comparing the firm's performance to industry averages.

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Question No: 1 (M - 1) .
Strategist is an individual who is involved in the strategic management process, thus may be known as:

► Member board of director
► President
► Division manager s
► All of the given options

Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.

Question No: 2 (M - 1) .
The objectives set by a manager should have which of the following characteristics?

► Should spell out how fast the company's strategy is to be implemented
► **Should be challenging and congruent among organizational units**
► Should include long-range performance targets but not short-range targets

► Should include financial performance targets but not strategic performance targets
Objectives should be quantitative, measurable, realistic, understandable, challenging, hierarchical, obtainable, and congruent among organizational units.

Question No: 3 (M - 1) .
Which of the following is TRUE about anti-trust legislation?

► The is the law intended to protect the ozone layer in the environment
► This is the law intended to regulate the tax rates in the economy
► This is the law intended to promote free competition in the market
► This is the law intended to regulate and register the patents
Antitrust law: law intended to promote free competition in the market place by outlawing monopolies.

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Question No: 4 (M - 1) .
Financial ratios are helpful in analyzing the relationship between/among which of the following?

► All assets and liabilities
► Profits and costs
► All functional areas of business
► Sales and profitability
Financial ratio analysis exemplifies the complexity of relationships among the functional areas of business. A declining return on investment or profit margin ratio could be the result of ineffective marketing, poor management policies.

Question No: 5 (M - 1) .
Which function of management includes areas such as job design, job specification, job analysis and unity of command?

► Planning
► Motivating
► Organizing
► Leading
Organizing includes organizational design, job specialization, job descriptions, job specifications, span of the control, and unity of command, coordination, job design, and job analysis.

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Question No: 6 (M - 1) .
Distribution includes which of the following?

► Customer analysis
► Warehousing
► Advertising
► Test marketing
Distribution includes warehousing, distribution channels, distribution coverage, retail site locations, sales territories, inventory levels and location, transportation carriers, wholesaling, and retailing.

Question No: 7 (M - 1) .
Opportunity analysis is one of the basic functions of which one of the following?

► Computer information systems
► Marketing
► Production/operations
► Research and development
There are seven basic functions of marketing:
(1) Customer analysis,
(2) Selling products/services,
(3) Pricing,
(4) Opportunity analysis.

Question No: 8 (M - 1) .
"Max Rent-a-Car" is opening car rental shops in Wal-Mart stores, is an example of which type of strategy?

► Forward integration
► Backward integration
► Related diversification
► Unrelated diversification
Forward integration strategy refers to the transactions between the customers.

Question No: 9 (M - 1) .
________________ refers to a strategy of seeking ownership or increased control over a firm's competitors.

► Conglomerate diversification
► Backward integration
► Horizontal integration
► Concentric diversification
Horizontal integration refers to a strategy of seeking ownership of or increased control over a firm's competitors.

Question No: 10 (M - 1) .
The company acquires or develops new products that could appeal to its current customer groups even though those new products may be technologically unrelated to the existing product lines. Which of the following best describes the statement?

► Retrenchment
► Horizontal diversification
► Market development
► Horizontal integration
Horizontal Diversification: Adding new, unrelated products or services for present customers.

Question No: 11 (M - 1) .

SPACE matrix has four quadrants. All of the following are SPACE Matrix quadrants EXCEPT:

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

Question No: 12 (M - 1) .
Which of the following are the two internal dimensions represented on the axes of the SPACE Matrix?

► Environmental stability and industry strength
► Industry strength and competitive advantage
► **Competitive advantage and financial strength**
► Financial strength and environmental stability
SPACE Matrix represent two internal dimensions financial strength [FS] and competitive advantage [CA]).

Question No: 13 (M - 1) .
SPACE Matrix contains two types of dimensions. Which of the following are the two external dimensions to be considered in SPACE Matrix?

► **Environmental stability and industry strength**
► Environmental stability and competitive advantage
► Industry strength and competitive advantage
► Industry strength and Financial strength
SPACE Matrix represent two external dimensions (environmental stability [ES] and industry strength [IS]).

Question No: 14 (M - 1) .
What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-4, -4)?

► Aggressive
► Conservative
► Competitive
► **Defensive**

Question No: 15 (M - 1) .
BCG matrix is used in matching stage of strategy formulation framework. It plots the business units along which of the following dimensions?

► Market share and industry strength
► **Market share and market growth rate**
► Market growth rate and competitive position
► Market growth rate and environment stability

Corporate analysts would plot a scatter graph of their business units, ranking their relative market shares and the growth rates of their respective industries.

Question No: 16 (M - 1) .

Business units that have low market share and are operating in slow-growing industry should choose all of the following EXCEPT:

► **New investments**
► Production efficiency
► Distribution efficiency
► Product innovation

Question No: 17 (M - 1) .

When a division of an organization has a high relative market share and is in a fast-growing industry, it will be categorized as which type in BCG matrix?

► **Star**
► Cash cow
► Question mark
► Dog

Stars Units with a high market share in a fast-growing industry.

Question No: 18 (M - 1) .

Which of the following is the first step in developing QSPM?

► **Developing a list of the firm's key external and internal factors**
► Determining the Attractiveness Scores for each strategy
► Examine the Stage 2 matrices and identify alternative strategies
► Assigning weights to each key external and internal factor

Steps in preparation of QSPM

1. List of the firm's key external opportunities/threats and internal strengths/weaknesses in the left column of the QSPM.

Question No: 19 (M - 1) .

Advantages of a functional organization structure would include all EXCEPT which one of the following?

► Promotes division and specialization of labor
► **Promotes functional rivalry**
► Promotes economic efficiency
► Promotes delegation of authority

Functional structure also promotes specialization of labor, encourages efficiency, minimizes the need for an elaborate control system, and allows rapid decision making.

Question No: 20 (M - 1) .

Which one of the following is the organizational structure that most of the medium-size organizations follow?

► **Divisional structure**

► Strategic business unit
► Functional structure
► Matrix structure
Medium-size firms tend to be divisionally structured (decentralized).

Question No: 21 (M - 1) .
A divisional structure by geographic area is most appropriate in which of the following situation?

► **Organizations have similar branch facilities in dispersed areas**
► Organization offers a limited number of products or services
► Organization needs strict control over product lines
► Organization has to serve a large geographic area
This type of structure can be most appropriate for organizations that have similar branch facilities located in widely dispersed areas.

Question No: 22 (M - 1) .
Which of the following is best identified as being an adaptation of the divisional structure?

► Vertical Integration
► **Strategic business units**
► Joint venture
► None of the given options
The strategic business unit (SBU) is an adaptation of the divisional structure whereby various divisions or parts of divisions are grouped together based on some common strategic elements.

Question No: 23 (M - 1) .
"Performance comparison of organization business processes against an internal or external standard of recognized leaders." Identify the term relevant to the specified statement.

► Restructuring
► Process redesign
► Reengineering
► **Benchmarking**
Benchmarking; Performance comparison of organization business processes against an internal or external standard of recognized leaders.

Question No: 24 (M - 1) .
After completing an EPS/EBIT analysis, what conclusions would you make?

► Debt appears to be the best financing alternative
► Stock would be the best financing alternative
► **Combination of debt and stock is the best financial alternative**
► Dividends must be considered before concluding
It also include an Earnings per Share/Earnings before Interest and Taxes (EPS/EBIT) analysis is the most widely used technique for determining

whether debt, stock, or a combination of debt and stock is the best alternative for raising capital to implement strategies.

Question No: 25 (M - 1) .
What is a central strategy-implementation technique that allows an organization to examine the expected results of various actions and approaches?

► Financial budgeting
► TOWS analysis
► Projected financial statement
► External analysis
Pro forma (projected) financial statement analysis is a central strategy implementation technique because it allows an organization to examine the expected results of various actions and approaches.

Question No: 26 (M - 1) .
Retained earnings are obtained by subtracting which of the two items?

► Dividends from Net Income
► EBIT from Net Income
► Taxes from EBIT
► Interest Expense from EBIT
Retained Earnings= Net Income - Dividends

Question No: 27 (M - 1) .
XYZ Company has controlled its distributors so that no other firm can access the scarce natural resources available in the country, which are used in XYZ's production. This action is taken in order to reduce which of the following:

► The bargaining power of customers
► The bargaining power of suppliers
► The threat of new entrants
► The threat of substitute products
Control over the distribution channels is be a barrier to new entrant because new entrants need to get distributor for distribution of its product. To get distributor in this situation, new entrants have to pay extra cost which will reduce profit.

Question No: 28 (M - 1) .
While evaluating a strategy, corrective actions are almost always needed EXCEPT:

► When external and internal factors have not significantly changed
► When the firm is not progressing satisfactorily toward objectives
► When the firm has not achieved the stated organizational goals
► When there are differences between desired results and achieved results
Corrective actions are almost always needed except when External and internal factors have not significantly changed and the firm is progressing

satisfactorily toward achieving stated objectives. Comparing expected results with actual results. (vuzs)

Question No: 29 (M - 1) .
Outbound logistics includes which one of the following?

► Receiving, storing, inventory control, transportation planning.
► Machining, packaging, assembly, equipment maintenance, testing
► Activities required to get the finished product at the customers
► Activities that maintain and enhance the product's value
Outbound Logistics: The activities required to get the finished product at the customers, such as: warehousing, order fulfillment, transportation, distribution management.

Question No: 30 (M - 1) .
Which of the following statement is correct about operations?

► It includes receiving, storing, inventory control & transportation planning
► It includes machining, packaging, assembling, maintaining equipment testing
► It includes the activities required to get the finished product at the customers
► It includes the activities that maintain and enhance the product's value
Operations include machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product.

Question No: 31 (M - 1) .
All of the following are support activities of Porter's supply chain model EXCEPT:

► Firm Infrastructure
► Marketing and Sales primary activity
► Technology Development
► Procurement
Support activities includes Procurement, Technology, Development, Human Resource Management & Firm Infrastructure.

Question No: 32 (M - 1) .
The product design, packaging, product disposal and corporate rewards should reflect which of the following?

► Product quality consideration
► Union consideration
► Environmental consideration
► Customer consideration
Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations.

Question No: 33 (M - 1) .
Adapting to change confronts an organization's strategic management to which of the following issue(s):

► What kind of business we should be in?
► Are we in the right field?
► Should we reshape our business?
► All of the given options
The need to adapt to change leads organizations to key strategic management questions, such as "What kind of business should we become?" "Are we in right field?" "Should we reshape our business?" "Are new technologies being developed that could put us out of business?"(vuzs,us)

Question No: 34 (M - 1) .
Which of the following is TRUE about Vision statement of a company?

► It defines the customers
► It concentrates on future
► It identifies critical processes
► It informs about the desired level of performance
Many organizations today develop a "vision statement" which answers the question, what do we want to become?

Question No: 35 (M - 1) .
Mission of a business is the foundation of all of the following EXCEPT:

► Priorities
► Strategies
► Plans
► Wages
Wages are short term plans or objectives where as mission statement addresses long term goals and plans.

Question No: 36 (M - 1) .
Which of the following is FALSE about vision and mission statements?

► Vision statement gives the overall purpose of an organization while a mission statement describes a picture of the preferred future
► A vision statement describes how the future will look if the organization achieves its mission and a mission statement explains what the organization does
► Mission statement answers the questions what is our business and the vision statement answers the question what do we want to become
► Mission statement explains the current position and activities of a firm whereas vision statement explains the future objective.
Mission describes the overall purpose and vision describes the picture of preferred future.

Question No: 37 (M - 1) .
The in-house R&D is a preferred solution in which of the following situations?

► Technological progress is slow and market growth is moderate
► Technology is changing rapidly and market is growing slowly
► Technology is changing slowly and market is growing quickly
► Both technological progress and market growth rate are fast.
If the rate of technical progress is slow, the rate of market growth is moderate, and there are a significant barrier to possible new entrants, then in-house R&D is the preferred solution.

Question No: 38 (M - 1) .
Identify a strategy which uses firm's internal strengths to take advantage of external opportunities.

► SO
► WO
► SW
► WT
SO Strategies: Every firm desires to obtain benefit from its resources such benefit can only be obtained if utilize its strength to take external opportunity

Question No: 39 (M - 1) .
Which of the following includes the set of shared values, beliefs, attitudes, customs, norms, personalities, heroes and heroines that describe a firm?

► Strategy
► Culture
► Mission
► Objectives
Organizational culture: Cultural products include values, beliefs, rites, rituals, ceremonies, myths, stories, legends, sagas, language, metaphors, symbols, heroes, and heroines.

Question No: 40 (M - 1) .
The culture of a firm is important when considering strategies because:

► Cultural products can support strategies so managers can often implement changes swiftly and easily
► Everyone in the firm should have a vote as to which strategies to implement
► Culture can dictate the choice of strategies
► Employees always welcome cultural change
Organizational culture significantly affects business decisions. If strategies can capitalize on cultural strengths, then management often can implement changes swiftly and easily.

Question No: 41 (M - 1) .
Which of the following is NOT a major factor that commonly prohibits effective resource allocation?

► Overprotection of resources

► Organizational politics
► Vague strategy targets
► Ability to take risks
A number of factors commonly prohibit effective resource allocation, including an overprotection of Resources, too great an emphasis on short-run financial criteria, organizational politics, vague strategy Targets, a reluctance to take risks, and a lack of sufficient knowledge.

Question No: 42 (M - 1) .
Which of the following best describes "Just in time"?

► Implementing strategies just before bankruptcy
► Delivering materials just as they are needed
► A scheduling method for meetings
► A personnel planning method
In short, the just-in-time inventory system is all about having "the right material, at the right time, at the right place, and in the exact amount."

Question No: 43 (M - 1) .
Which of the following factors should be studied before locating production facilities?

► Availability of major resources
► Location of major markets
► Availability of trainable employees
► All of the given options

Question No: 44 (M - 1) .
All of the following are strategic responsibilities of the human resource manager EXCEPT:

► Assessment of staff needs
► Assessment of costs for alternative strategies
► Development of staffing plan
► Development of financial plan
Staffing need of the organization and its cost is an important function of the human resource manager. The other main concerns include health, safety and security of the workers. The plan must also include how to motivate employees and managers during a time when layoffs are common and workloads are high.

Question No: 45 (M - 1) .
Identify a reason due to which market segmentation is considered to be an important variable in strategy implementation.

► All company strategies require increased sales through new markets and products
► It allows a firm to operate with limited resources
► Market segmentation decisions directly affect marketing mix variables
► All of the given options

First, strategies such as market development, product development, market penetration, and diversification require increased sales through new markets and products. Market segmentation allows a firm to operate with limited resources. because mass production, mass distribution, and mass advertising are not required.
Finally, market segmentation decisions directly affect marketing mix variables*:* product, place, promotion, and price.

Question No: 46 (M - 1) .
All of the following are the qualitative questions for evaluating strategies identified by Seymour Tilles EXCEPT:

► Is the strategy internally consistent?
► Is the strategy having an appropriate return on investment?
► Is the strategy consistent with the environment?
► Is the strategy appropriate in view of available resources?
Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:
1. Is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?
6. Is the strategy workable?

Question No: 47 (M - 1) .
Which of the following is defined as having alternative plans that can be put into effect if certain key events do not occur as expected?

► Corporate agility
► Scenario planning
► Forecasting
► Contingency planning
Contingency plans can be defined as alternative plans that can be put into effect if certain key events do not occur as expected.

Question No: 48 (M - 1) .
All of the following are key financial ratios EXCEPT:

► Market share
► Production quality
► Earnings per share
► Return on equity
Some key financial ratios that are particularly useful as criteria for strategy evaluation are as follows:
1. Return on investment
2. Return on equity
3. Profit margin
4. Market share
5. Debt to equity

6. Earnings per share
7. Sales growth
8. Asset growth

Question No: 49 (M - 3)
Suggest that what can be the best way to overcome individuals' resistance to change while taking corrective actions.

Answer:
Research suggests that participation in strategy-evaluation activities is one of the best ways to overcome individuals' resistance to change.

According to Erez and Kanfer, individuals accept change best when they have a cognitive understanding of the changes, a sense of control over the situation, and an awareness that necessary actions are going to be taken to implement the changes.

Question No: 50 (M - 3)
What do you understand by the term Product and what can be the possible considerations that you will take into account while making decisions regarding a product or service?

Answer:
Product Decisions:
The term "product" refers to tangible, physical products as well as services. Here are some examples of the product decisions to be made:
• Brand name
• Functionality
• Styling
• Quality
• Safety
• Packaging
• Repairs and Support
• Warranty
• Accessories and services

Question No: 51 (M - 5)
Parties to conflict can conceptualize responses according to a two-dimensional scheme; what are the hypotheses of this scheme?

Answer:

Theorists have claimed that parties can conceptualize responses to conflict according to a two-dimensional scheme; concern for one's own outcomes and concern for the outcomes of the other party. This scheme leads to the following hypotheses:

• High concern for both one's own and the other party's outcomes leads to attempts to find mutually beneficial solutions.

• High concern for one's own outcomes only leads to attempts to "win" the conflict.
• High concern for the other party's outcomes only leads to allowing the other to "win" the conflict.
• No concern for either side's outcomes leads to attempts to avoid the conflict.

Question No: 52 (M - 5)
Product positioning allows the firms to fulfill the gaps between what customers and producers see as good service. What can be the potential benefits that product positioning can offer to a firm?

Answer:

Product Positioning:

In marketing, a product's target market is a set of consumers with similar characteristics and needs who might be interested in buying the product. Marketers "position" their product within the target market to gain new customers and succeed in securing more customers than competing products. Positioning requires marketers to research their customers so they understand the point of view of target members. Once marketers see the product from the customer perspective, they can use advertising to persuade target market members to buy the product.

Benefits of Product Positioning:

Premiums:
Good positioning cements the product in the customer's awareness. It gives the customer information about the product in unique way that resonates and states their mind forever. If executed correctly, positing creates value, ensuring that customer will pay more for the product because they understand and agree with the product's position. This execution requires using advertising to explain to consumers the similarities and differences between the product and competing products so that customers understand why they should pay a premium.

Branding:
Companies can choose to extend their positioning to create a brand. A brand is a company name that labels a product or family of products and carries a distinct position in the minds of customers. Brands that customers see as positive command premium prices. Brands can extend their market position to new products that the parent company introduces. This is an advantage over companies who don't have brand positioning because unbranded new offerings can't command a premium.

Category Claims:
Marketers use advertising to makes claims about the category that the product belongs to and describe the product's position in the category. Category claims describe how the product is better than competitors. For

example, an advertisement for a pen could make the category claim that it runs out of ink less often than other pens. Category claims help define and strengthen the product position and overall brand.

Differentiation:
If customers see enough positive differences between a product position and its competitors position the product becomes differentiated. This means that the product has the competitive advantage and many customers believe that the product performs better and in ways that competing products cannot perform. The customer may feel that they have an advantage over other people who don't use the product. Customers who tell others about this advantage further differentiate by making word-of-mouth category claims, enhancing the product's position and spreading favorable information about the brand.

Question No: 53 (M - 5)
Seymour Tilles acknowledged six qualitative questions that are practical in evaluating strategies. You are required to identify any five of them.

Answer:

Qualitative of strategy evaluation:

Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:
1. Is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?
4. Does the strategy involve an acceptable degree of risk?
5. Does the strategy have an appropriate time framework?

MGT603 Final Term Paper 2010 solved with reference 4 (ik)

FINALTERM EXAMINATION
Spring 2010
MGT603- Strategic Management
by Ishi Khan
Solved by vuZs Team
Umeed.e.Subh, Zubair Hussain & Mehreen Humayun

Time: 120 min
Mark
s - M - 69

MGT603- Strategic Management - Q.No. 1 (M - 1)
Which of the following is often considered the first step in strategic planning?

► Devising a mission statement
► **Developing a vision statement**
► Setting annual objectives
► Formulating set of strategies
Developing a vision statement is often considered the first step in strategic planning.

MGT603- Strategic Management - Q.No. 2 (M - 1)
External opportunities and threats that can significantly benefit or harm an organization may include all of the following except:

► Demographics
► Competitive trends
► Technological changes
► **Research and development**
External opportunities and external threats refer to economic, social, cultural, demographic, environmental, political, legal, governmental, technological, and competitive trends and events that could significantly benefit or harm an organization in the future.

MGT603- Strategic Management - Q.No. 3 (M - 1)
What will happen to the Pakistani exports in overseas markets when there is a strong value of rupee?

► Pakistani exports will be less expensive
► **Pakistani exports will be more expensive**
► Pakistani exports will be more attractive
► Pakistani exports will be desirable

MGT603- Strategic Management - Q.No. 4 (M - 1)
Which of the following can be considered as barriers to entering a market or industry?

► The lack of economies of scale and experience and low levels of brand loyalty
► **The presence of large number of rivals already in the industry**
► Relatively large capital requirements and industry have economies of scale
► The absence of tariffs, trade restrictions, and/or government-mandated regulations

MGT603- Strategic Management - Q.No. 5 (M - 1)
Which of the following are signs of strength in a company's competitive position?
► A debt-to-asset ratio below 0.50 and a positive net cash flow
► A website with extensive information about the company and its product line
► R&D and advertising expenditures greater than $10 million annually
► **A strongly differentiated product and a strong or rising market share**

Sign of strength in a company's competitive position: A strongly differentiated product, a strong or rising market share and important resources or capabilities.

MGT603- Strategic Management - Q.No. 6 (M - 1)
Distribution includes which of the following?

► Customer analysis
► **Warehousing**
► Advertising
► Test marketing

MGT603- Strategic Management - Q.No. 7 (M - 1) vuzs
The IFE matrix summarizes and evaluates which factors in the functional areas of a business?

► Opportunities and threats
► **Strengths and weaknesses**
► Strengths and threats
► Opportunities and weaknesses

Internal Factor Evaluation (IFE) Matrix: This strategy-formulation tool summarizes and evaluates the major strengths and weaknesses in the functional areas of a business.

MGT603- Strategic Management - Q.No. 8 (M - 1)
The Web sites that sell products directly to the consumers are the examples of which type of strategy?

► Backward integration
► Product development
► **Forward integration**
► Horizontal integration

Forward integration strategy refers to the transactions between the customers and firm.

MGT603- Strategic Management - Q.No. 9 (M - 1) .
Which of the following is a drawback or limitation of Horizontal Integration?

► **Synergies may be more imaginary than real**
► It can increase suppliers' and buyers' bargaining power
► Economies of scale are likely to be decreased
► Both the first & third options are correct

Limitations of Horizontal Integration: Synergies may be more imaginary than real.

MGT603- Strategic Management - Q.No. 10 (M - 1)
A Cost Leadership Strategy is especially effective in all of the following situations EXCEPT:

► When the market is composed of many price-sensitive buyers

► **When product differentiation can be easily achieved**
► When buyers do not care much about differences from brand to brand
► When there are a large number of buyers with significant bargaining power
Striving to be the low-cost producer in an industry can be especially effective when the market is composed of many price-sensitive buyers, when there are few ways to achieve product differentiation, when buyers do not care much about differences from brand to brand, or when there are a large number of buyers with significant bargaining power.

MGT603- Strategic Management - Q.No. 11 (M - 1) vuzs
If market shares of competitors are declining whereas total industry sales are increasing, which strategy do you think may be the right one to pursue?

► Divestiture
► **Market Penetration**
► Market Development
► Retrenchment
Guidelines for Market Penetration: Market shares of competitors declining while total industry sales increasing.

MGT603- Strategic Management - Q.No. 12 (M - 1)
Which of the followings involves the substantial modification of existing products or the creation of new but related products that can be marketed to current customers through established channels?

► Innovation
► Differentiation
► **Product development**
► Market development
Product development is a strategy that seeks increased sales by improving or modifying present products or services.

MGT603- Strategic Management - Q.No. 13 (M - 1) .
Which of the following stages of “Strategy Formulation Framework” involves development of Internal-Factor Evaluation Matrix?

► **Input stage**
► Output stage
► Matching stage
► Decision stage
Formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix called the Input Stage.

MGT603- Strategic Management - Q.No. 14 (M - 1)
Which of the following stages in “Strategy Formulation Framework” focuses on generating feasible alternative strategies?

► Input
► Output
► Decision

► **Matching**
Matching Stage focuses upon generating feasible alternative strategies by aligning key external and internal factors.

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MGT603- Strategic Management - Q.No. 15 (M - 1)
If there is a shift in consumers' taste in a society away from the firm's products along with weak brand name, which of the following strategy would you recommend for the above mentioned firm?

► SO
► WO
► SW
► **WT**
W-T strategies establish a defensive plan to prevent the firm's weaknesses from making highly susceptible to external threats.

MGT603- Strategic Management - Q.No. 16 (M - 1) vuzs .
Firm located in defensive quadrant of a SPACE matrix is recommended to follow all of the following strategies EXCEPT:

► Retrenchment
► **Forward integration**
► Divestiture
► Liquidation
Defensive quadrant: Quadrant III:

- Retrenchment
- Concentric diversification
- Horizontal diversification
- Conglomerate diversification
- Liquidation

MGT603- Strategic Management - Q.No. 17 (M - 1) .
What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (+2, +3)?

► **Aggressive**
► Conservative
► Competitive
► Defensive

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MGT603- Strategic Management - Q.No. 18 (M - 1) .
A & C Corporation currently possesses a low share of its available market. Moreover, this company's portfolio reveals that it has extremely low market growth. A & C Corporation is most likely to be classed as which one of the following?

► **Dog**
► Question mark

► Star
► Cash cow
Dogs More charitably called pets, units with low market share in a mature, slow-growing industry.

MGT603- Strategic Management - Q.No. 19 (M - 1)
Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?

► Annual objectives
► Strategies
► Policies
► Goals
Policy refers to specific guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work toward stated goals.

MGT603- Strategic Management - Q.No. 20 (M - 1)
The organizations, where resource allocation is not based on strategic-management approach to decision making, which approach is used for resource allocation?

► Financial budget
► Relative importance of departments
► On political or personal factors
► Relative cost of each resources
In organizations that do not use a strategic-management approach to decision making, resource allocation is often based on political or personal factors.

MGT603- Strategic Management - Q.No. 21 (M - 1) .
A state of opposition between persons or ideas which are occasionally characterized by physical violence may be known as:

► Conflict
► Compromise
► Diffusion
► Avoidance
Conflict is a state of opposition, disagreement or incompatibility between two or more people or groups of people, which is sometimes characterized by physical violence.

MGT603- Strategic Management - Q.No. 22 (M - 1)
Why do changes in company strategy often require changes in the way an organization is structured?

► Because structure depicts how goals will be established
► Because structure dictates how authorities will be delegated
► Because structure dictates how resources will be obtained
► Because structure dictates how financial resources are spent

Organizational structure dictates how resources are allocated and how objectives are established in a firm.

MGT603- Strategic Management - Q.No. 23 (M - 1)

Of the following, which one is FALSE regarding a functional organizational structure?

► The tasks, people, and technologies necessary to do the work of the business are grouped together

► Functional structures predominate in firms with single or narrow product lines

► Marketing, operations, and finance would be considered groups found within this type of structure

► Functional structure is designed to achieve flexibility and better communication

Functional Structure: The organization is structured according to functional areas instead of product lines. Functional structure group's tasks and activities by business function such as production/operations, marketing, finance/accounting, research and development, and computer information systems.

MGT603- Strategic Management - Q.No. 24 vuzs (M - 1) .

Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?

► Do employees understand the plan?

► Is the plan improving communications?

► Does the plan pay out when it should?

► Does the plan reduce management layers?

Pay-for-performance ties an employee's pay to their performance on the job. Pay-for-performance attracts and retains better employees and offer incentives to motivate and reward improved performance. In Pay for Performance employees receive increased compensation for their work if their team, department or company reaches certain targets.

MGT603- Strategic Management - Q.No. 25 (M - 1)

All of the following are the managerial issues for managing natural environment EXCEPT:

► Global warming- depletion of rain forests

► Employee understanding about environment

► Developing biodegradable products and packages

► Waste management to clean air and water

Special natural environmental issues include ozone depletion, global warming, depletion of rain forests, destruction of animal habitats, protecting endangered species, developing biodegradable products and packages, waste management, clean air, clean water, erosion, destruction of natural resources, and pollution control.

MGT603- Strategic Management - Q.No. 26 (M - 1)

The methods which are used to match managers with strategies to be implemented include all of the following EXCEPT:

► Transferring managers
► Job enlargement
► Managers' retention
► Job enrichment

Commonly used methods that match managers with strategies to be implemented include transferring managers, developing leadership workshops, offering career development activities, promotions, job enlargement, and job enrichment.

MGT603- Strategic Management - Q.No. 27 (M - 1) .

Which one of the following is an example of product decisions?

► Brand name
► Volume discounts
► Distribution channels
► Order processing

Product Decisions:
Here are some examples of the product decisions to be made:

• Brand name
• Functionality
• Styling

MGT603- Strategic Management - Q.No. 28 vuzs (M - 1)

Which variable would be considered as a part of pricing decisions?

► Warranty
► Bundling
► Safety
► Functionality

Some examples of pricing decisions to be made include:

• Suggested retail price
• Volume discounts and wholesale pricing
• Cash and early payment discounts
• Seasonal pricing
• Bundling

MGT603- Strategic Management - Q.No. 29 (M - 1) .

Which one of the following is an example of place decisions?

► Safety and packaging
► Personal selling
► Public relations & publicity
► Order processing

Distribution (Place) Decisions:

• Distribution channels
• Warehousing
• Distribution centers

• Order processing

MGT603- Strategic Management - Q.No. 30 vuZs (M - 1)
All of the following are the examples of promotion decision EXCEPT:

► Personal selling
► Volume discounts
► Public relations
► Advertising
Marketing communication decisions include:
• Promotional strategy (push, pull, etc.)
• Advertising
• Personal selling & sales force
• Sales promotions
• Public relations & publicity
• Marketing communications budget

MGT603- Strategic Management - Q.No. 31 (M - 1)
Which of the following is NOT a decision that may require finance/accounting policies?

► To extend the time of accounts receivable
► To determine an appropriate dividend payout ratio
► To use lifo, fifo or a market-value accounting approach
► To determine the amount of product diversification
Some examples of decisions that may require finance/accounting policies are:
1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level
3. To make or buy fixed assets.
4. To extend the time of accounts receivable.
5. To establish a certain percentage discount on accounts within a specified period of time.
6. To determine the amount of cash that should be kept on hand
7. To determine an appropriate dividend payout ratio.
8. To use LIFO, FIFO

MGT603- Strategic Management - Q.No. 32 (M - 1) .
At least how many R & D approaches are used for the implementation of strategy?

► Two
► Three
► Four
► Five
Reference provided by Fawad Waseem.
There are at least three major R&D approaches for implementing strategies.
1. First firm to market new technological products
2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products

MGT603- Strategic Management - Q.No. 33 (M - 1)
While evaluating a strategy, corrective actions are almost always needed except:

► **When external and internal factors have not significantly changed**
► When the firm is not progressing satisfactorily toward objectives
► When the firm has not achieved the stated organizational goals
► When there are differences between desired results and achieved results

MGT603- Strategic Management - Q.No. 34 (M - 1)
Which one of the following statements best describes the activity 'marketing and sales' of Porter's supply chain model?

► Machining, packaging, assembly, equipment maintenance & testing
► **Activities linked with getting buyers to purchase the product**
► Activities that maintain and enhance the product's value
► Receiving, storing, inventory control & transportation planning
Marketing and Sales: The activities associated with getting buyers to purchase the product, including: channel selection, advertising, promotion, selling, pricing, retail management, etc.

MGT603- Strategic Management - Q.No. 35 (M - 1) .
Outbound logistics includes which one of the following?

► Receiving, storing, inventory control, transportation planning
► Machining, packaging, assembly, equipment maintenance, testing
► **Activities required to get the finished product at the customers**
► Activities that maintain and enhance the product's value
Outbound Logistics: The activities required to get the finished product at the customers, such as: warehousing, order fulfillment, transportation, distribution management.

MGT603- Strategic Management - Q.No. 36 (M - 1)
Which of the following is NOT a key financial ratio?

► Earnings per share
► **Production growth**
► Asset growth
► Profit margin
Some key financial ratios that are particularly useful as criteria for strategy evaluation are as follows:
1. Return on investment
2. Return on equity
3. Profit margin
4. Market share
5. Debt to equity
6. Earnings per share
7. Sales growth
8. Asset growth

MGT603- Strategic Management - Q.No. 37 (M - 1)
Which of the following statement is TRUE about 'Controls' which are used in strategy evaluation stage?

► They are strategy-oriented
► **They are action-oriented**
► They are control-oriented
► They are information-oriented
Controls need to be action-oriented rather than information-oriented.

MGT603- Strategic Management - Q.No. 38 (M - 1) .
In BCG matrix, the size of circle corresponding to a division represents what?

► Relative market share of that division
► Financial strength of that division
► **Revenue generated by that division**
► Relative market growth of that division
Practical Use of the Boston Matrix: For each product or service the 'area' of the circle represents the value of its sales.

MGT603- Strategic Management - Q.No. 39 (M - 1)
If the capital and human resources of a firm are necessary to manage expanded operations and it also has excess production capacity, which would be an effective strategy for the firm to pursue?

► Market Penetration
► **Market Development**
► Divestiture
► Retrenchment
Guidelines when market development may be an especially effective strategy are:
1-New channels of distribution that are reliable, inexpensive, and good quality
2-Firm is very successful at what it does
3-Untapped or unsaturated markets (vuzs)
4-Capital and human resources necessary to manage expanded operations
5-Excess production capacity
6-Basic industry rapidly becoming global

MGT603- Strategic Management - Q.No. 40 (M - 1) .
If the firm is very successful at what it does, unsaturated markets are available and the new inexpensive channels of distribution are also available, then which of the following strategies a company should follow?

► Market Penetration
► **Market Development**
► Product Development
► Retrenchment
Market development:
1-New channels of distribution that are reliable, inexpensive, and good quality

2-Untapped or unsaturated markets (vuzs)

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MGT603- Strategic Management - Q.No. 41 vuzs (M - 1)
Which strategies are defensive tactics directed at reducing internal weaknesses and avoiding environmental threats?

► SO
► WO
► SW
► **WT**

WT strategies are defensive tactics directed at reducing internal weaknesses and avoiding external threats.

MGT603- Strategic Management - Q.No. 42 (M - 1)
Which of these is TRUE about strategy implementation?

► It refers to positioning forces before the action
► It focuses on effectiveness
► **It is primarily an operational process**
► It is primarily an intellectual process

Strategy implementation is primarily an operational process.

MGT603- Strategic Management - Q.No. 43 (M - 1)
Which of the following is TRUE about Strategy formulation?

► It manages forces during the action
► **It requires good intuitive and analytical skills**
► It is primarily an operational process
► It requires special motivation and leadership skills

Strategy formulation requires good intuitive and analytical skills.

MGT603- Strategic Management - Q.No. 44 (M - 1)
Identify a situation in which a divisional structure by geographic area is considered to be most appropriate.

► **Organizations have similar branch facilities located in widely dispersed areas**
► An organization offers only a limited number of products or services
► Strict control and attention to product lines are needed
► An organization has many skilled managers

MGT603- Strategic Management - Q.No. 45 (M - 1) .
All of the following are included in Rumelt's criteria for evaluating strategies EXCEPT:

► Consonance
► Advantage
► Consistency
► **Clarity**

Four Criteria (Richard Rummelt):

• Consistency
• Consonance
• Feasibility
• Advantage

MGT603- Strategic Management - Q.No. 46 (M - 1) .
Identify which of the following are mostly based on a firm's external assessment according to Richard Rumelt.

► Consonance and consistency
► Advantage and feasibility
► **Consonance and advantage**
► Consistency and feasibility

Consonance and advantage are mostly based on a firm's external analysis, whereas consistency and feasibility are largely based on an internal analysis

MGT603- Strategic Management - Q.No. 47 (M - 1)
Identify a factor which determines the final design of a firm’s strategy-evaluation and control system.

► Opportunities
► External characteristics
► **Organization’s characteristics**
► Competition’s characteristics

The unique characteristics of an organization, including its size, management style, purpose, problems, and strengths, can determine a strategy-evaluation and control system's final design.

MGT603- Strategic Management - Q.No. 48 (M - 1)
Which of the following is defined as having alternative plans that can be put into effect if certain key events do not occur as expected?

► Corporate agility
► Scenario planning
► Forecasting
► **Contingency planning**

Contingency plans can be defined as alternative plans that can be put into effect if certain key events do not occur as expected.

MGT603- Strategic Management - Q.No. 49 (M - 3)
One of the approaches to implement change says: “People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions.” Identify that approach and explain.

Answer:

Change Management Strategies:

There are four Change Management Strategies, which are as follows:

I. 1.Empirical-Rational
II. 2.Normative-Re educative
III. 3.Power-Coercive
IV. 4.Environmental-Adaptive

Power-Coercive:
“People are basically compliant and will generally do what they are told or can be made to do and change is based on the exercise of authority and the imposition of sanctions.”

People are rational and will follow their self-interest, once it is revealed to them. Change is based on the communication of information and the proffering of incentives. People are social beings and will adhere to culture norms and values. Change is based on redefining and reinterpreting existing norms and values, and developing commitments to new ones.

MGT603- Strategic Management - Q.No. 50 (M - 3)
Auditors who perform audit can be divided into three groups? Identify and define each of them.

Answer:
People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

Independent auditors: These are certified public accountants (CPAs) that provide their services to organizations for a fee; they examine the financial statements of an organization to determine whether they have been prepared according to generally accepted accounting principles (GAAP) and whether they fairly represent the activities of the firm. Independent auditors use a set of standards called generally accepted auditing standards (GAAS). Public accounting firms often have a consulting arm that provides strategy-evaluation services.

Government auditors: Two government agencies, the General Accounting Office (GAO) and the Internal Revenue Service (IRS), employ government auditors responsible for making sure that organizations comply with federal laws, statutes, and policies. GAO and IRS auditors can audit any public or private organization.

Internal auditors: These groups of auditors are employees within an organization who are responsible for safeguarding company assets, for assessing the efficiency of company operations, and for ensuring that generally accepted business procedures are practiced.

MGT603- Strategic Management - Q.No. 51 vuzs (M - 5)
An organization can be structured in many ways. What is the most complex form of organizational structure? Discuss its characteristics?

Answer:

Matrix Structure
A matrix structure is the most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication (hence, the term matrix).
Characteristics of Matrix Structure

This structure depends primarily on vertical flows of authority and communication. A matrix structure can result in higher overhead because it creates more management positions. Other characteristics of a matrix structure that contribute to overall complexity include dual lines of budget authority (a violation of the unity-of-command principle), dual sources of reward and punishment, shared authority, dual reporting channels, and a need for an extensive and effective communication system.

MGT603- Strategic Management - Q.No. 52 (M - 5)
Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?
Answer:

Effective product positioning:

The following steps are required in product positioning:

1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.
4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

MGT603- Strategic Management - Q.No. 53 (M - 5)
The goal of value chain activities is to offer the customer a level of value that exceeds the cost of the activities which results in a profit margin. You are required to discuss some of the primary value chain activities.

Answer:

The activities of the Value Chain
• Primary activities (line functions)

Inbound Logistics: Includes receiving, storing, inventory control, transportation planning.

Operations: Includes machining, packaging, assembly, equipment maintenance, testing and all other value-creating activities that transform the inputs into the final product.
Outbound Logistics: The activities required to get the finished product at the customers: warehousing, order fulfillment, transportation, distribution management.
Marketing and Sales: The activities associated with getting buyers to purchase the
product, including: channel selection, advertising, promotion, selling, pricing, retail management, etc.
Service: The activities that maintain and enhance the product's value, including: customer support, repair services, installation, training, spare parts management, upgrading, etc.

• Support activities (Staff functions, overhead)

Procurement: Procurement of raw materials, servicing, spare parts, buildings, machines, etc.
Technology Development: Includes technology development to support the value chain activities. Such as: Research and Development, Process automation, design, redesign.
Human Resource Management: The activities associated with recruiting, development (education), retention and compensation of employees and managers.
Firm Infrastructure: Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.

MGT603 Strategic Management Final Term Solved Paper 2010 - Strategic Management

MGT603 Final Term Solved Paper 2010 - Strategic anagement Spring 2010

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MGT603 - Strategic Management - Q. No. 1 (M - 1) .
Which method of determining a firm's net worth can be numerically expressed as: Market price of the firm's stock* Average net income for the past five years Annual earnings per share

Sum of equity and earnings method
Price-earnings ratio method
Long-term asset method

Outstanding shares method
Price-earnings ratio method: To use this method, divide the market price of the firm's common stock by the annual earnings per share and multiply this number by the firm's average net income for the past five years.

MGT603 - Strategic Management - Q. No. 2 (M - 1) .
Which of the following is an example of a narrow mission?

We sell packaged pineapples
The firm deals in beverages
Stationery is our product
Company manufactures food items
Narrow mission also identifies our mission but it restrict in terms of:
1. Product and services offered
2. Technology used
3. Market served
4. Opportunity of growth

MGT603 - Strategic Management - Q. No. 3 (M - 1) .
Which of the following business actions is NOT considered to be unethical?

Poor product or service safety
Using non-union labor in a union shop
Misleading advertising
Too expensive products
Some business actions always considered to be unethical include misleading advertising or labeling, causing environmental harm, poor product or service safety, padding expense accounts, insider trading, dumping banned or flawed products. In foreign markets, lack of equal opportunities for women and minorities, overpricing, hostile takeovers, moving jobs overseas, and using nonunion labor in a union shop.

MGT603 - Strategic Management - Q. No. 4 (M - 1) .
Political variables have a significant effect on which one of the following?

Formulation and implementation of strategy
Formulation and evaluation of a strategy
Implementation and evaluation of a strategy
Formulation, implementation and evaluation of a strategy
Impact of political variables: Formulation of Strategies, Implementation of Strategies.

MGT603 - Strategic Management - Q. No. 5 (M - 1) .
Which of the following is one of the Political, Governmental & Legal factors?

Ethical concerns
Traffic congestion
Lobbying activities
Average level of education
Political, Governmental, and Legal Forces

Key opportunities & key threats:
• Antitrust legislation (Microsoft)
• Tax rates
• Lobbying efforts
• Patent laws

MGT603 - Strategic Management - Q. No. 6 (M - 1) .
The XYZ Company wants to know the major favorable situations that exist in its environment. Essentially, the company wants to gain understanding of what?

Strengths
Weaknesses
Threats
Opportunities

MGT603 - Strategic Management - Q. No. 7 (M - 1) .
Keeping strategies secret from employees and stakeholders can do all of the following EXCEPT:

Provide competitive advantage to competitors
Hinder employee and stakeholder communication
Reduces employee and stakeholder understanding
Minimize employee and stakeholder commitment

MGT603 - Strategic Management - Q. No. 8 (M - 1) .
Sana has spent a day in a session where the future of her company was discussed. The people involved were trying to determine what the role of their company was as the 21st century approaches. Goals were then developed based upon their vision of the company's mission. Sana spent her day on which of the following process?

Planning
Organizing
Leading
Controlling

MGT603 - Strategic Management - Q. No. 9 (M - 1) .
Opportunity analysis is one of the basic functions of which one of the following?

Computer information systems
Marketing
Production/operations
Research and development
There are seven basic functions of marketing:
(1) Customer analysis,
(2) Selling products/services,
(3) Pricing,
(4) Opportunity analysis.

MGT603 - Strategic Management - Q. No. 10 (M - 1) .
Which of the following term describes "the merging of two or more businesses at the same level of production in some formal, legal relationship"?

Backward integration
Horizontal integration
Market penetration
Market development
Horizontal integration: a term describing the merging of two or more businesses at the same level of production in some formal, legal relationship.

MGT603 - Strategic Management - Q. No. 11 (M - 1) .
"Ghulam Nabi, a farmer sells his crops at the local market rather than to a distribution center". This action of Ghulam Nabi comes under which of the following?

Backward integration
Product development
Forward integration
Horizontal integration
Forward integration involves gaining ownership or increased control over distributors or retailers.

MGT603 - Strategic Management - Q. No. 12 (M - 1) .
Where usage rate of present customers of the company can be increased significantly and the current markets are not saturated, which strategy would be effective for the company to follow?

Market Penetration
Product Development
Market Development
Retrenchment
Guidelines when market penetration may be an especially effective strategy are:

- Current markets not saturated
- Usage rate of present customers can be increased significantly
- Market shares of competitors declining while total industry sales increasing

MGT603 - Strategic Management - Q. No. 13 (M - 1) .
Product development involves going in the direction of which one of the following?

Present products to present markets
Present products to new markets
New products to present markets
? New products to new markets

Product development: New products to present markets.

MGT603 - Strategic Management - Q. No. 14 (M - 1) .
All of the following would be considered an Opportunity to a business EXCEPT which one of the following?

Removal of international trade barriers
Emergence of unfulfilled customer need
Emergence of substitute products
Loosening of regulations

MGT603 - Strategic Management - Q. No. 15 (M - 1) .
A & Ammar is the sole manufacturer of leather goods in Pakistan. This year, government has lowered tax rates for this industry. There is a possibility that new companies will enter the market to avail this opportunity. Lowering the tax rates will present which of the following to A & Ammar?

Strength
Weakness
Opportunity
Threat

MGT603 - Strategic Management - Q. No. 16 (M - 1) .
Which of the following are the two internal dimensions represented on the axes of the SPACE Matrix?

Environmental stability and industry strength
Industry strength and competitive advantage
Competitive advantage and financial strength
Financial strength and environmental stability
SPACE Matrix represents two internal dimensions financial strength [FS] and competitive advantage.

MGT603 - Strategic Management - Q. No. 17 (M - 1) .
ABC Corporation can have competitive advantage over its competitor by taking all of the following actions EXCEPT:

By increasing product quality
By having debt to equity ratio=1
By altering product life cycle
By increasing customer base

MGT603 - Strategic Management - Q. No. 18 (M - 1) .
All of the following are the limitations of BCG Matrix EXCEPT:

It is one-dimensional to view every business as a star, cash cow, dog or question mark
BCG can not be developed if a firm has at least less than three years data
The businesses that fall in the centre of BCG matrix can not be classified

Other variables such as size of market and competitive advantages are not considered

Limitations of BCG Matrix:

1. Viewing every business as a star, cash cow, dog, or question mark is overly simplistic.
2. Many businesses fall right in the middle of the BCG matrix and thus are not easily classified.
3. The BCG matrix does not reflect whether or not various divisions or their industries are growing over time.
4. Other variables besides relative market share position and industry growth rate in sales are important in making strategic decisions about various divisions

MGT603 - Strategic Management - Q. No. 19 (M - 1) .

According to the Grand Strategy Matrix, which strategy is recommended for a firm with rapid market growth and a strong competitive position?

? Market penetration
? Conglomerate diversification
? Joint venture
? Retrenchment

The quadrant one of the Grand Strategy Matrix is meant for those firms which are in a strong competitive position and flourishing with rapid market growth. Concentration on current markets reveals the adoption of strategies such as market penetration and market development and likewise concentration on current products calls for adoption of product development strategy.

MGT603 - Strategic Management - Q. No. 20 (M - 1) .

"The business has a strong competitive position but is in a slow-growth industry. Further, the business typically has high cash flow levels and limited internal growth needs." The statement refers which of the following?

The firm falling in Quadrant I of Grand Strategy Matrix
The firm falling in Quadrant II of Grand Strategy Matrix
The firm falling in Quadrant III of Grand Strategy Matrix
The firm falling in Quadrant IV of Grand Strategy Matrix

Slow market growth: Quadrant IV businesses have a strong competitive position but are in a slow-growth industry.

MGT603 - Strategic Management - Q. No. 21 (M - 1) .

Which of the following is a Functional level objective?

Achieving return on investment of at least 15%
Aiming to achieve a market share of 10%
Attaining operating profit of over Rs.10 million
Increase earnings per share by at least 10% every

Examples of functional marketing objectives" might include: We aim to achieve a market share of 10%

MGT603 - Strategic Management - Q. No. 22 (M - 1) .

Which one of the followings is NOT a major factor that commonly forbids effective resource allocation?

Organizational politics
? Vague strategy targets
Long run financial criteria
Lack of sufficient knowledge
A number of factors commonly prohibit effective resource allocation, including an overprotection of resources, too great an emphasis on short-run financial criteria, organizational politics, vague strategy targets, a reluctance to take risks, and a lack of sufficient knowledge.

MGT603 - Strategic Management - Q. No. 23 (M - 1) .
"Holding a meeting at which conflicting parties present their views and work through the differences". The statement best describes which of the conflict resolving mood?

Confrontation
Resistance
Diffusion
Avoidance

MGT603 - Strategic Management - Q. No. 24 (M - 1) .
Restructuring is also known as:

Up-sizing
Delayering
Diversifying
Integrating
Restructuring—also called downsizing, rightsizing, or delayering

MGT603 - Strategic Management - Q. No. 25 (M - 1) .
Which term is most often concerned primarily with shareholder well-being rather than employee well-being?

Benchmarking
Reengineering
E-engineering
Restructuring
Restructuring is concerned primarily with shareholder well-being rather than employee well-being.

MGT603 - Strategic Management - Q. No. 26 (M - 1) .
"All the employees of Operations department have received 15 % of increased profits over a historical standard or targeted profits." Which of the following best describes the statement?

Profit sharing
Bonus
Gain sharing

Piece-work plan
Gain Sharing: To drive performance of an organization by promoting awareness, alignment, teamwork, communication and involvement. The plan commonly applies to a single facility, site, or stand-alone organization. Gains are generated only by improved performance over a predetermined base level of performance. Gain sharing is viewed as a pay-for-performance initiative.

MGT603 - Strategic Management - Q. No. 27 (M - 1) .
What is the most widely used technique for determining the best combination of debt and stock?

Earnings per share
Return on stockholders' equity
Debt-to-equity ratio
Capital budgeting
Earnings per Share/Earnings before Interest and Taxes (EPS/EBIT) analysis is the most widely used technique for determining whether debt, stock, or a combination of debt and stock is the best alternative for raising capital to implement strategies.

MGT603 - Strategic Management - Q. No. 28 (M - 1) .
Which one of the following statement is TRUE about EBIT (Earnings Before Interest and Taxes)?

It is calculated as revenue minus depreciation and interest expenses
It is calculated as revenue minus expenses excluding tax and interest
It is calculated as revenue minus cost of goods sold and sales taxes
It is calculated as revenues minus selling and administrative expenses
EBIT An indicator of a company's profitability, calculated as revenue minus expenses, excluding tax and interest.

MGT603 - Strategic Management - Q. No. 29 (M - 1) .
Which alternative becomes more attractive financing technique when cost of capital is high?

Debt financing
Combination financing
Raising equity
Borrowing

MGT603 - Strategic Management - Q. No. 30 (M - 1) .
Integrative, intensive, and diversification strategies are often implemented by which one of the followings?

Liquidating firms
Acquiring firms
Venturing firms
Small firms

Evaluating the worth of a business is central to strategy implementation because Integrative, intensive, and diversification strategies are often implemented by acquiring other firms.

MGT603 - Strategic Management - Q. No. 31 (M - 1) .

All of the following tasks are performed by R&D employees and managers EXCEPT:

Transferring complex technology
Adapting processes to local markets
Adjusting process to local raw materials
Make sure the availability of resource
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.

MGT603 - Strategic Management - Q. No. 32 (M - 1) .

Which one of the following is not a rivalry determinant of Porter's model?

Differentiation of inputs
Industry growth
Diversity of competitors
Switching costs
Reference Amna Khan
Rivalry Determinants
• Industry growth
• Fixed (or storage) costs/value added
• Intermittent over capacity
• Product differences
• Brand identity
• Switching costs
• Diversity of competitors

MGT603 - Strategic Management - Q. No. 33 (M - 1) .

Which one of the following is NOT considered as a difficulty in evaluation of strategies?

Increase in environment's complexity
Difficulty predicting future with accuracy
Decreasing number of variables
Rate of obsolescence of plans
Difficulty in strategy evaluation:
1. Increase in environment's complexity
2. Difficulty predicting future with accuracy
3. Increasing number of variables
4. Rate of obsolescence of plans

MGT603 - Strategic Management - Q. No. 34 (M - 1) .

Strategy evaluation is based on which of the following?

Quantitative and empirical criteria
Empirical and qualitative criteria
Qualitative and objective criteria
Qualitative and quantitative criteria
Strategy evaluation is based on both quantitative and qualitative criteria.

MGT603 - Strategic Management - Q. No. 35 (M - 1) .
What is typical problem associated with using quantitative criteria for evaluating strategies?

Most qualitative criteria are geared to long-term objectives rather than annual objectives
Different accounting methods can provide different results on many quantitative criteria
Intuitive judgments are never involved in deriving quantitative criteria
Qualitative data to be evaluated for measuring performance is often not available
There are some potential problems associated with using quantitative criteria for evaluating strategies.
First, most quantitative criteria are geared to annual objectives rather than long-term objectives.
Also, different accounting methods can provide different results on many quantitative criteria.
Third, intuitive judgments are almost always involved in deriving quantitative criteria.

MGT603 - Strategic Management - Q. No. 36 (M - 1) .
A good evaluation system must posses various qualities. Which of the following is not a characteristic of a good strategy evaluation system?

Strategy-evaluation activities must be economical
Strategy-evaluation activities should be meaningful
Strategy-evaluation activities should dominate the decisions
Strategy-evaluation activities should provide timely information
Strategy-evaluation activities possess the following:

- Mustbe economical.
- Too much information can be just as bad as too little information.
- Too many controls can do more harm than good.
- Shouldbe meaningful;
- They should specifically relate to a firm's objectives.
- Should provide managers with useful information about tasks.
- Should providetimely information.

MGT603 - Strategic Management - Q. No. 37 (M - 1) .
The product design, packaging, product disposal and corporate rewards should reflect which of the following?

Product quality consideration
Union consideration
Environmental consideration
Customer consideration
Product design, manufacturing, transportation, customer use, packaging, product disposal, and corporate rewards and sanctions should reflect environmental considerations.

MGT603 - Strategic Management - Q. No. 38 (M - 1) .
Financial benefits of strategic management include all of the following EXCEPT:

Progression in profitability
Improvement in employee productivity
Expansion in the sales of business
Enhancement in productivity
Financial benefits:

- Improved productivity
- Improved sales
- Improved profitability

MGT603 - Strategic Management - Q. No. 39 (M - 1) .
Which one of the following is a reason for NOT choosing profits in BCG matrix than relative market share?

It carries less information than just cash flow
It shows where the brand is positioned against competitors
It indicates where it might be likely to go in the future
It shows what type of marketing activities to be performed
The reason for choosing relative market share, rather than just profits, is that it carries more information than just cash flow.

MGT603 - Strategic Management - Q. No. 40 (M - 1) .
“A desired future state that the organization attempts to realize”. Identify the term relevant to the given statement.

Goal
Strategy
Policy
Procedure
A goal is a desired future state that the organization attempts to realize.

MGT603 - Strategic Management - Q. No. 41 (M - 1) .
Which of the following statements best defines “stage 1” of the strategy-formulation framework?

It summarizes the basic input information needed to formulate strategies
It focuses on generating feasible alternative strategies
It involves a single technique
It is based on assumptions
Input Stage, Stage 1 summarizes the basic input information needed to formulate strategies.

MGT603 - Strategic Management - Q. No. 42 (M - 1) .
What type of strategies would you recommend when a firm's SPACE Matrix directional vector has the coordinates (+1, +5)?

Aggressive
Conservative
Competitive
Defensive

MGT603 - Strategic Management - Q. No. 43 (M - 1) .
"Establishing annual objectives" refers to which of the following activities?

It is a top-level activity
It is a centralized activity
It is a decentralized activity
It is a centralized-decentralized activity
Establishing annual objectives is a decentralized activity that directly involves all managers in an organization.

MGT603 - Strategic Management - Q. No. 44 (M - 1) .
Which pay strategy is Not a form of incentive compensation?

Bonus system
Hourly wage
Gain sharing
Profit sharing

MGT603 - Strategic Management - Q. No. 45 (M - 1) .
Which of the following is NOT a rule of thumb when using product positioning as a strategy-implementation tool?

"Don't squat between segments"
"Look for the hole or vacant niche"
"Try to serve more than one segment with the same strategy"
"Don't position yourself in the middle of the map"
Some rules of thumb for using product positioning as a strategy-implementation tool are the following:
Look for the hole or vacant niche.
Don't squat between segments.
Don't serve two segments with the same strategy.
Don't position yourself in the middle of the map.

MGT603 - Strategic Management - Q. No. 46 (M - 1) .
Identify which of the following are mostly based on a firm's internal assessment according to Richard Rumelt.

Consistency and consonance
Consonance and advantage
Advantage and feasibility
Feasibility and consistency

MGT603 - Strategic Management - Q. No. 47 (M - 1) .
Which of the following statements is TRUE if success for one organizational department means failure for another department?

Strategies may be synergistic
Strategies may be advantageous
Strategies may be inconsonant
Strategies may be inconsistent
If success for one organizational department means failure for another department, then strategies may be inconsistent.

MGT603 - Strategic Management - Q. No. 48 (M - 1) .
All of the following are the qualitative questions for evaluating strategies identified by Seymour Tilles EXCEPT:

Is the strategy internally consistent?
Is the strategy having an appropriate return on investment?
Is the strategy consistent with the environment?
Is the strategy appropriate in view of available resources?
Seymour Tilles identified six qualitative questions that are useful in evaluating strategies:
1. Is the strategy internally consistent?
2. Is the strategy consistent with the environment?
3. Is the strategy appropriate in view of available resources?

MGT603 - Strategic Management - Q. No. 49 (M - 3)
What is the significance of Production department in an organization?

Answer:

Production department plays a crucial role for implementing organization strategy. Production-concerned decisions on plant location, plant size, , product design, choice of equipment, size of inventory, inventory control, quality control, cost control, use of standards, shipping and packaging, and technological innovation, job specialization, employee training, equipment and resource utilization. All these factors place an important impact on success and failure of the strategy.

MGT603 - Strategic Management - Q. No. 50 (M - 3)
Auditors who perform audit can be divided into three groups? Identify and define each of them.

Answer:

People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

Independent auditors: These are certified public accountants (CPAs) that provide their services to organizations for a fee; they examine the financial statements of an organization to determine whether they have been prepared according to generally accepted accounting principles (GAAP) and whether they fairly represent the activities of the firm. Independent auditors use a set of standards called generally accepted auditing standards (GAAS). Public accounting firms often have a consulting arm that provides strategy-evaluation services.

Government auditors: Two government agencies, the General Accounting Office (GAO) and the Internal Revenue Service (IRS), employ government auditors responsible for making sure that organizations comply with federal laws, statutes, and policies. GAO and IRS auditors can audit any public or private organization.

Internal auditors: These groups of auditors are employees within an organization who are responsible for safeguarding company assets, for assessing the efficiency of company operations, and for ensuring that generally accepted business procedures are practiced.

MGT603 - Strategic Management - Q. No. 51 (M - 5)

Discuss the activities that can help an organization to reduce cost.

Answer:

Activities that help Organization to reduce cost:

Cost Leadership Strategies:

This strategy emphasizes efficiency. By producing high volumes of standardized products, the firm hopes to take advantage of economies of scale and experience curve effects. The product is often a basic no-frills product that is produced at a relatively low cost and made available to a very large customer base. Maintaining this strategy requires a continuous search for cost reductions in all aspects of the business. The associated distribution strategy is to obtain the most extensive distribution possible. Promotional strategy often involves trying to make a virtue out of low cost product features. To be successful, this strategy usually requires a considerable market share advantage or preferential access to raw materials, components, labor, or some other important input. Without one or more of these advantages, the strategy can easily be mimicked by competitors.

Successful implementation also benefits from:

- Process engineering skills
- Products designed for ease of manufacture
- Sustained access to inexpensive capital
- Close supervision of labor
- Tight cost control
- Incentives based on quantitative targets
- Market of many price-sensitive buyers
- Few ways of achieving product differentiation
- Buyers not sensitive to brand differences
- Large number of buyers with bargaining power
- Pursued in conjunction with differentiation
- Economies or diseconomies of scale
- Capacity utilization achieved
- Linkages with suppliers and distributors

Just in time (JIT) production approaches have withstood the test of time. JIT significantly reduces the costs of implementing strategies.

MGT603 - Strategic Management - Q. No. 52 (M - 5)

QSPM requires intuitive judgments and educated assumptions. Discuss.

Answer:

QSPM

The QSPM is not without some limitations.
First, it always requires intuitive judgments and educated assumptions. The ratings and attractiveness scores require judgmental decisions, even though they should be based on objective information.

Discussion among strategists, managers, and employees throughout the strategy formulation process, including development of a QSPM, is constructive and improves strategic decisions.

Constructive discussion during strategy analysis and choice may arise because of genuine differences of interpretation of information and varying opinions. Another limitation of the QSPM is that it can be only as good as the prerequisite.

Limitations:

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.

MGT603 - Strategic Management - Q. No. 53 (M - 5)

Finance or accounting plays an important role in successful strategy implementation process. You are required to give some of the examples of finance/accounting decisions that may require policies.

Answer:

Finance & Accounting:

Some examples of decisions that may require finance/accounting policies are:
1. To raise the amount of capital by issuing shares or obtaining a debt from external parties.
2. To enhance the inventory turn over level
3. To make or buy fixed assets.
4. To extend the time of accounts receivable.
5. To establish a certain percentage discount on accounts within a specified period of time.
6. To determine the amount of cash that should be kept on hand
7. To determine an appropriate dividend payout ratio.
8. To use LIFO, FIFO

MGT603 - Strategic Management Finalterm Subjective Paper(04-03-2013)

Shared bu Shafaq

Total 60 questions
52 were mcqs mostly were conceptual and new.

1. What is contingency planning? 3
2. SPACE matrix? 5
3. Performance pay plan? 5
4. Difference Bargaining power of supplier and buyer? 5
5. Importance of strategic planning? 5
6. Methods of resource allocation plan? 5
7. What is marketing mix and its components? 3
8. About matrix 3

MGT603 Strategic Management Subjective Final Term Paper 2012

Shared by Naveed Iqbal Khan

What is the significance of production department? (3)

What is the difference between mass marketing and target marketing ? (3)

Give the exact definition of "AAA" American Accounting Auditing? (5)

Give at least 10 examples of management policies ?(5)

What are the stake holders which affect the decision making? (5)

Why the business worth is necessary to know to implement a strategy? (5)

MGT603 Strategic Management Final Term Subjective Questions Jan-2012

1. Richard Rumelts' concept of feasibility criteria

2. List down the six factors of threats faced by new entrants
3. If CPM matrix reveals total weighted score of
_ A is 2.50
_ B is 1.50
_ C is 3.24
From above given data, how would you interpret the total weighted score of each firm and compare firm B with firm A and firm C
4. product positioning
5. internal evaluation matrix question
6. Question about Just in Time

1.Qualities of good service design.
2. Limitations of PERT
3. What i part-period model and why it is useful?
4. Advantages of JIT..
5. What are the uses of Management software?

MGT603 Final Term Paper 2011 Shared by Mehreen Humayun

FINALTERM EXAMINATION
Spring 2011
MGT603- Strategic Management
19th July, 2011
Shared by Mehreen Humayun
www.vuzs.info

Time: 120 min
M - 91

Total MCQ= 56

Question No: 57 (M - 3)
What is the significance of activity ratios for an organization and what are its major types?

Question No: 58 (M - 3)
Describe any three positive features of QSPM?

Question No: 59 (M - 3)
What is a marketing mix? What are the marketing –mix component factor

Question No: 60 (M - 3)

Explain the concept of feasibility as Richard Rumelt's criteria for evaluating strategies?

Question No: 61 (M - 5)
Critically analyze this statement, "Internal audit provides more opportunity for participants to understand how their job, departments, and decisions fit into the whole organization than the external audit"

Question No: 62 (M - 5)
Compare and contrast restructuring and re-engineering?

Question No: 63 (M - 5)
Elaborate the effectiveness of using computer for strategy evaluation?

Question No: 64 (M - 5)
How can a manager determine the effectiveness of "performance-pay plan" in an organization?

MGT603 Final 2011 Paper Subjective Shared by students

Shared by Huma Ashraf

1)wt r marketing mix ? wrtie the marketing mix component factor ?3
2)interpret IFE total weighted scoreof 1.5, 2.8 n 3.4 shown on x axis of IE matrix of the firm ?3
3)vertical intigration is the degree to which firm owns its upstreams n its downstream buyer.wt can b the possible benefits if firm goes for vertical intigration ? 3
4)a value chain is a chain of activities .define any 3 primary activities of value chain identified by michael porter ? 3
5)positioning is actually the way a product is introduced into market audience .wt r the 5 steps required for effective product positioning ?3
6) mergers n acquisitions r the methods by which 2 companies combine to form a large company .wt can b the reasons of axplain achieving merger n acquisition ?5
7) explain SMART criteria for establishing annual objectives of organization ?5
8) the goal of value chain activities is to offer customer a level of value that exceeds the cost of activities which results in a profit margin .u r required to discuss some of primary value chain activities ?5

Shared by Huma Haya

Govt regulation can create opportunities & threats Support your answer by giving three examples? (3 marks)

A value chain is a chain of activities define any three primary activities of the value chain identified by Micheal porter? (3 marks)

Illustrate at least three limitations of divisional organization structure? (3 marks)

What can be the consideration of a firm while taking decisions regarding place as a component of marketing mix? (3 marks)

Explain strategic management & its significance for business? (5 marks)

ABC Company is located in Quadrant 4 of Grand Strategy matrix what is strategic position of ABC Company & what types of strategies should it adopt? (5 marks)

Financial analysis is process of identifying financial strength & weakness by establishing relation ship b/w the item of balance sheet & income statement you are required to explain how to perform a projected financial analysis? (5 marks)

Describe the strategy evaluation system a large & a small organization require ? (my this question was of 10 marks)

MGT603 Final Paper 2007 Solved By Mehreen Humayun

FINALTERM EXAMINATION
Spring 2007
MGT603- Strategic Management
Solved by vuZs Team
Mehreen Humayun
www.vuzs.info

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.

MGT603 Final Term Paper 2008 Solved by vuZs Team with ref 3

FINALTERM EXAMINATION
Spring 2008
MGT603- Strategic Management

Solved by vuZs Team
Zubair Hussain, Eemaan Khan & Mehreen Humayun
www.vuzs.info

Time: 120 min
M - 81

Question No: 1 (M - 1) .
Strategic management integrates all of the following areas EXCEPT:

Management
Marketing
Research and development
Human resource management
The study of strategic management integrates different topics. It integrates the following: ¾ Marketing ¾ Management ¾ Finance ¾ Research and development.

Question No: 2 (M - 1) .
Strategist is an individual who is involved in the strategic management process, thus may be known as:

Member board of director
President
Division manager
All of the given options
Strategists have various job titles, such as chief executive officer, president, and owner, chair of the board, executive director, chancellor, dean, or entrepreneur.

Question No: 3 (M - 1) .
A desired future state that the organization attempts to realize . Identify the term relevant to the given statement.

Policy
Procedure
Goal
Strategy
Goal: A desired future state that the organization attempts to realize.

Question No: 4 (M - 1) .
Which of the following business actions is NOT considered to be unethical?

Poor product or service safety
Using non-union labor in a union shop
Misleading advertising
Too expensive products
Some business actions always considered to be unethical include misleading advertising or labeling, causing environmental harm, poor product or service safety, padding expense accounts, insider trading, dumping banned or flawed products. In foreign markets, lack of equal opportunities for women and minorities, overpricing, hostile takeovers, moving jobs overseas, and using nonunion labor in a union shop.

Question No: 5 (M - 1) .
Which type of trend can be exemplified by the increase in average level of education in a society?

Cultural
Technological
Economic
Social

Question No: 6 (M - 1) .
Allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization is known as:

Investment decisions
Financing decisions
Restructuring decisions
Strategic decision
The investment decision, also called capital budgeting, is the allocation and reallocation of capital and resources to projects, products, assets, and divisions of an organization.

Question No: 7 (M - 1) .
All of the following fall under the category of Process function of production management EXCEPT:

Choice of technology
Quality assurance
Process flow analysis
Transportation analysis
Process decisions: Specific decisions include choice of technology, facility layout, process flow analysis, facility location, line balancing, process control, and transportation analysis.

Question No: 8 (M - 1) .
A planned activity aimed at discovery of new knowledge with the hope of developing new or improved products and services and translation of its

findings into a plan or design of new or improved products and services is known as:

Marketing
Research and development
Production
Management information system
RESEARCH & DEVELOPMENT (R&D) is research as a planned activity aimed at discovery of new knowledge with the hope of developing new or improved products and services. Development is the translation of the research findings into a plan or design of new or improved products and services.

Question No: 9 (M - 1) .
________________ become/s information only when it/they is/are evaluated, filtered, condensed, analyzed and organized for a specific purpose, problem, individual, or time.

Material
Data
Competitive advantages
Competitor analysis
Data becomes information only when it is evaluated, filtered, condensed, analyzed, and organized for a specific purpose, problem, individual, or time.

Question No: 10 (M - 1) .
The Web sites that sell products directly to the consumers are the examples of which type of strategy?

Backward integration
Product Development
Forward integration
Horizontal integration
Forward integration strategy refers to the transactions between the customers and firm.

Question No: 11 (M - 1) .
The extent to which a business concentrates on a narrowly defined market is best referred to as:

Niche strategy
Cost leadership strategy
Differentiation strategy
Segmentation
Market focus is defined as the extent to which a business concentrates on a narrowly defined market. Market focus creates a competitive advantage because the business specializes in serving a narrowly defined market on the basis of low cost, differentiation, and rapid response against much larger

businesses with greater resources that otherwise hold little interest in the niche market.

Question No: 12 (M - 1) .

Under which of the following conditions, Concentric Diversification would be
particularly an effective strategy to pursue?

When an organization has grown so large so quickly that major internal reorganization is needed

When sales of current products would increase intensively by adding the new related products

When revenues from current products/services would increase significantly by adding the new unrelated products

When current products are in maturity stage of the product life cycle

Concentric Diversification Adding new, but related, products or services Adding new, but related, products or services is widely called concentric diversification.

Question No: 13 (M - 1) .

Which of the following stages in the strategy-formulation framework focuses on summarizing the basic information needed to formulate strategies?

Output

Input

Decision

Matching

Input Stage, Stage 1 summarizes the basic input information needed to formulate strategies.

Question No: 14 (M - 1) .

Which of the following stages of Strategy Formulation Framework involves development of Internal-Factor Evaluation Matrix?

Input stage

Output stage

Matching stage

Decision stage

Formulation framework consists of the EFE Matrix, the IFE Matrix, and the Competitive Profile Matrix called the Input Stage.

Question No: 15 (M - 1) .

Which of the following stages of strategy formulation framework involves development of Internal External Matrix?

Input stage

Output stage

Matching stage

Decision stage

Matching Stage focuses upon generating feasible alternative strategies by aligning key external and internal factors.

Question No: 16 (M - 1) .
In order to avoid the emergence of substitute products, AF & Z Corporation ha s obtained an access and control over the scarce natural resources necessary to produce their products. Thus, which of the following strategies is being practiced by AF & Z Corporation?

SO Strategy
WO Strategy
WT Strategy
ST Strategy
S-T strategies identify ways that the firm can use its strengths to reduce its vulnerability to external threats. Substitute products are threat and AF & Z Corporation uses its power to take control of the scarce resources.

Question No: 17 (M - 1) .
What type of strategies would you recommend when a firm s SPACE Matrix directional vector has the coordinates (-2, +3)?

Aggressive
Conservative
Competitive
Defensive

Question No: 18 (M - 1) .
Which of the following is NOT a step for the preparation of a SPACE matrix?

Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength.
Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions.
Assign weights to the variables according to their relative importance for the firm.
Compute an average score and dividing by the number of variables
Steps for the preparation of SPACE Matrix the steps required to develop a SPACE Matrix are as follows:
1. Select a set of variables to relating to financial strength, competitive advantage, environmental stability, and industry strength.
2. Assign a numerical value ranging from +1 (worst) to +6 (best) to each of the variables that make up the financial strength and industry strength dimensions. Assign a numerical value ranging from -1 (best) to -6 (worst) to each of the variables that make up the environmental stability and competitive advantage dimensions.
3. Compute an average score and dividing by the number of variables 4. Plot the average scores in the SPACE Matrix.

Question No: 19 (M - 1) .

The business has a strong competitive position but is in a slow-growth industry.
Further, the business typically has high cash flow levels and limited internal growth needs. The statement refers which of the following?

The firm falling in Quadrant I of Grand Strategy Matrix
The firm falling in Quadrant II of Grand Strategy Matrix
The firm falling in Quadrant III of Grand Strategy Matrix
The firm falling in Quadrant IV of Grand Strategy Matrix
Slow market growth: Quadrant IV businesses have a strong competitive position but are in a slow-growth industry.

Question No: 20   (M - 1) .
What is the product of weights and attractiveness scores for each strategy in QSPM?

Sum total attractiveness scores
Total attractiveness scores
Weighted scores
Total weighted scores
QSPM: After assigning the weight to strategy, determine the attractiveness score of each and afterwards total attractiveness score.

Question No: 21   (M - 1) .
Which of the following is a Functional level objective?

Achieving return on investment of at least 15%
Aiming to achieve a market share of 10%
Attaining operating profit of over Rs.10 million
Increase earnings per share by at least 10% every
Examples of functional marketing objectives" might include: We aim to achieve a market share of 10%

Question No: 22   (M - 1) .
Which of the following is a Corporate level objective?

Getting 75% customer awareness of company s brand in target markets
Increasing earnings per share by at least 10%
Building customer database of at least 250,000 companies
Achieving a 10% share of International market
Examples of "corporate objectives might include: We aim to increase earnings per share by at least 10% every year for the foreseeable future.

Question No: 23   (M - 1) .
The manager of MZ firm has defined the goal that the firm wants to increase its production by at least 200 units in size. Thus, which part of the SMART criteria has been focused by the firm through this goal statement?

Specific

Measurable
Achievable
Relevant
Measurable: an objective should be capable of measurement.

Question No: 24 (M - 1) .
Mr. Ali, the operations manager of ABC Company did not agree with the proposal of marketing manager - Mr. Zeeshan at the meeting regarding launch of a new product.
There was an exchange of hot word among them. The matter was referred to CEO, so that the conflict could be resolved, but the CEO did not take any action in the hope that the conflict will resolve itself. The statement describes which of the conflict resolution mood?

Avoidance
Compliance
Diffusion
Confrontation
Two teen athletes talking to their peers or counselors after a dispute on the football field is an example of diffusion.

Question No: 25 (M - 1) .
Ahmad fisheries is going to arrange a meeting with AH& T distributors so that the matters regarding wrong delivery by AH & T and conflict arising from it can be settled. Which of the following conflict resolving approach is followed in the situation?

Avoidance
Confrontation
Resistance
Diffusion
Insulting another student's friend or arranging to meet after school to fight are examples of confrontation.

Question No: 26 (M - 1) .
Why do changes in company strategy often require changes in the way an organization is structured?

Because structure depicts how goals will be established
Because structure dictates how authorities will be delegated
Because structure dictates how resources will be obtained
Because structure dictates how financial resources are spent .
Organizational structure dictates how resources are allocated and how objectives are established in a firm.

Question No: 27 (M - 1) .
Which one of the following is the organizational structure that most of the medium size organizations follow?

Divisional structure

Strategic business unit
Functional structure
Matrix structure
Medium-size firms tend to be divisionally structured (decentralized).
Question No: 28 (M - 1) .
Of the following, which one is least likely to be considered an advantage presented by a matrix organizational structure?

It facilitates the use of highly specialized staff and equipment
It minimizes the project cost because the key people can be shared
It can raise dual reporting and communication problems
It provides excellent training ground for strategic managers
Advantage of a matrix structure: there are many channels of communication.

Question No: 29 (M - 1) .
Zairian Corporation has streamlined its operations by cutting costs, such as decrease in payroll or reduction in its size through the sale of assets. In which of the following activity Zaria Corporation is involved?

E-Engineering
Re-engineering
Restructuring
Benchmarking
Restructuring is the corporate management term for the act of partially dismantling and reorganizing a company for the purpose of making it more efficient and therefore more profitable. It generally involves selling off portions of the company and making severe staff reductions.

Question No: 30 (M - 1) .
Which of these is not one of the tests used to determine whether a performance-pay plan will benefit an organization?

Do employees understand the plan?
Is the plan improving communications?
Does the plan pay out when it should?
Does the plan reduce management layers?
Pay-for-performance ties an employee's pay to their performance on the job. Pay-for-performance attracts and retains better employees and offer incentives to motivate and reward improved performance. In Pay for Performance employees receive increased compensation for their work if their team, department or company reaches certain targets.

Question No: 31 (M - 1) .
All of the following are the managerial issues for managing natural environment
EXCEPT:

Global warming- depletion of rain forests
Employee understanding about environment
Developing biodegradable products and packages

Waste management to clean air and water
Special natural environmental issues include ozone depletion, global warming, depletion of rain forests, destruction of animal habitats, protecting endangered species, developing biodegradable products and packages, waste management, clean air, clean water, erosion, destruction of natural resources, and pollution control.

Question No: 32 (M - 1) .
Production processes typically constitute of what percentage of firm s total assets?

More than 70 %
More than 65 %
More than 60 %
More than 55 %
Production processes typically constitute more than 70 percent of a firm's total assets.

Question No: 33 (M - 1) .
Which one of the following is TRUE about two different market segments?

They can be served with the same marketing strategy
They usually require different marketing strategies
They are always in different geographic locations
There is heterogeneity within the segment in its needs

Question No: 34 (M - 1) .
XYZ Company has segmented its market by keeping in view occupation and education level of customers. Which of the following bases of segmentation the company has used?

Demographic
Psychographic
Behavioral
Geographic
Demographic Segmentation includes:
Age, Gender, Family size, Family lifecycle, Generation, Income, Occupation, Education, Ethnicity, Nationality, Religion & Social class.

Question No: 35 (M - 1) .
Which variable would be considered as a part of pricing decisions?

Warranty
Bundling
Safety
Functionality
Pricing decisions to be made include:
- Pricing strategy
- Seasonal pricing
- Bundling

Question No: 36 (M - 1) .
Which of the following statement is TRUE about 'firm infrastructure' as a support activity of Michael Porter's value chain model?

It includes procurement of raw materials, servicing, spare parts, buildings, machines
It Includes technology development to support the value chain activities like Process automation
It includes the activities associated with recruiting and development of employees and managers
It includes general management, planning management, legal, finance, accounting, public affairs
Firm Infrastructure: Includes general management, planning management, legal, finance, accounting, public affairs, quality management, etc.

Question No: 37 (M - 1) .
Which of the following statement is correct about human resource management?

It includes procurement of raw materials, servicing, spare parts, buildings, machines
It Includes technology development to support the value chain activities like Process automation
It includes the activities associated with recruiting and development of employees and managers
It includes general management, planning management, legal, finance, accounting, public affairs
Human Resource Management: The activities associated with recruiting, development (education), retention and compensation of employees and managers

Question No: 38 (M - 1) .
All of the following are the cost drivers of Porter s supply chain activities EXCEPT:

Capacity utilization
Timing of market entry
Economies of scale
Firm's infrastructure
Porter identified 10 cost drivers related to value chain activities:
1. Economies of scale.
2. Learning.
3. Capacity utilization.
4. Linkages among activities.
6. Degree of vertical integration.
7. Timing of market entry.
8. Firm's policy of cost or differentiation.
9. Geographic location.

5. Interrelationships among business units. 10. Institutional factors.

Question No: 39 (M - 1) .
Which one of the following is NOT considered as a difficulty in evaluation of strategies?

Increase in environment s complexity
Difficulty predicting future with accuracy
Decreasing number of variables
Rate of obsolescence of plans
Difficulty in strategy evaluation:
1. Increase in environment’s complexity
2. Difficulty predicting future with accuracy
3. Increasing number of variables
4. Rate of obsolescence of plans

Question No: 40 (M - 1) .
Which of the following statement is TRUE about ‘Controls’ which are used in strategy evaluation stage?

They are strategy-oriented
They are action-oriented
They are control-oriented
They are information-oriented
Controls need to be action-oriented rather than information-oriented.

Question No: 41 (M - 1) .
A good evaluation system must posses various qualities. Which of the following is not a characteristic of a good strategy evaluation system?

Strategy-evaluation activities must be economical
Strategy-evaluation activities should be meaningful
Strategy-evaluation activities should dominate the decisions
Strategy-evaluation activities should provide timely information
Strategy-evaluation activities possess the following:

- Mustbe economical.
- Too much information can be just as bad as too little information.
- Too many controls can do more harm than good.
- Shouldbe meaningful;
- They should specifically relate to a firm's objectives.
- Should provide managers with useful information about tasks.
- Should providetimely information.

Question No: 42 (M - 1) .
The people who perform audit can be categorized as all of the following EXCEPT:

Independent auditors
Financial auditors
Government auditors
Internal auditors
People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

Question No: 43 (M - 3)
If you construct a SPACE Matrix and the directional vector points to the lower left quadrant, what type of strategies would you recommend?

Answer:

All those firms that fall in lower left quadrant must fallow Defensive Strategy.

Question No: 44 (M - 3)
Define Functional level objectives. Provide at least two statements exemplifying such objectives.

Answer:

Functional level
E.g. specific objectives for marketing activities
Examples of functional marketing objectives" might include:
• We aim to build customer database of at least 250,000 households within the next 12 months
• We aim to achieve a market share of 10%
• We aim to achieve 75% customer awareness of our brand in our target markets

Question No: 45 (M - 3)
Auditors who perform audit can be divided into three groups? Identify and define each of them.

Answer:
People who perform audits can be divided into three groups: independent auditors, government auditors, and internal auditors.

Independent auditors: These are certified public accountants (CPAs) that provide their services to organizations for a fee; they examine the financial statements of an organization to determine whether they have been prepared according to generally accepted accounting principles (GAAP) and whether they fairly represent the activities of the firm. Independent auditors use a set of standards called generally accepted auditing standards (GAAS). Public accounting firms often have a consulting arm that provides strategy-evaluation services.

Government auditors: Two government agencies, the General Accounting Office (GAO) and the Internal Revenue Service (IRS), employ government auditors responsible for making sure that organizations comply with federal laws, statutes, and policies. GAO and IRS auditors can audit any public or private organization.

Internal auditors: These groups of auditors are employees within an organization who are responsible for safeguarding company assets, for assessing the efficiency of company operations, and for ensuring that generally accepted business procedures are practiced.

Question No: 46 (M - 5)
Identify the five steps that must be followed while developing an IE Matrix.

Answer:

Steps for the development of IE matrix:

1. Based on two key dimensions IFE and EFE.

2. Plot IFE total weighted scores on the x-axis and the EFE total weighted scores on the y axis
3. On the x-axis of the IE Matrix, an IFE total weighted score of 1.0 to 1.99 represents a weak internal position; a score of 2.0 to 2.99 is considered average; and a score of 3.0 to 4.0 is strong.
4. On the y-axis, an EFE total weighted score of 1.0 to 1.99 is considered low; a score of 2.0 to 2.99 is medium; and a score of 3.0 to 4.0 is high.
5. IE Matrix divided into three major regions.
Grow and build – Cells I, II, or IV
Hold and maintain – Cells III, V, or VII
Harvest or divest – Cells VI, VIII, or IX

Question No: 47 (M - 5)
Positioning is actually the way that a product is introduced to its market audience. What are the five steps required for effective product positioning?

Answer:

Effective product positioning:

The following steps are required in product positioning:

1. Select key criteria that effectively differentiate products or services in the industry.
2. Diagram a two-dimensional product-positioning map with specified criteria on each axis.
3. Plot major competitors' products or services in the resultant four-quadrant matrix.

4. Identify areas in the positioning map where the company's products or services could be most competitive in the given target market. Look for vacant areas (niches).
5. Develop a marketing plan to position the company's products or services appropriately.

Question No: 48 (M - 10)
You are the business executive of Omar textiles Mills. You are asked to evaluate the strengths, weaknesses, opportunities and threats of the firm and develop altogether different strategies by using different combinations of any two of these.

Answer:

Strength and weakness:

Strength and weakness : for example, factors relating to products, pricing, costs, profitability, performance, quality, people, skills, adaptability, brands, services, reputation, processes, infrastructure, etc.

Strength:

Following are the strength of Omar textiles Mills:

- Patens
- Strong Brand name
- Good reputation
- Cost advantage
- Favorable access to distribution networks.

Weakness:

Following are the weaknesses of Omar textiles Mills:

- High cost structure
- Outdates technology
- Skills gap
- Poor quality.

Question No: 49 (M - 10)
Quantitative Strategic Planning Matrix (QSPM) is a high-level strategic management approach for evaluating possible strategies. You are required to prepare a (QSPM) of XYZ Manufacturing Company for evaluating any two strategies?

Answer:

Quantitative Strategic Planning Matrix for XYZ Manufacturing

First it contains key internal and external factors. An internal factor contains (strength and weakness) and external factor include (opportunities and threats). It relates to previously IFE and EFE in which weight to all factors. Weight means importance to internal and external factor. The sum of weight must be equal to one. After assigning the weights examine stage-2 matrices and identify alternatives strategies that the organization should consider implementing. The top row of a QSPM consists of alternative strategies derived from the TOWS Matrix, SPACE Matrix, BCG Matrix, IE Matrix, and Grand Strategy Matrix. These matching tools usually generate similar feasible alternatives. However, not every strategy suggested by the matching techniques has to be evaluated in a QSPM. Strategists should use good intuitive judgment in selecting strategies to include in a QSPM. After assigning the weight to strategy, determine the attractiveness score of each and afterwards total attractiveness score. The highest total attractiveness score strategy is most feasible.

Steps in preparation of QSPM

1. List of the firm's key external opportunities/threats and internal strengths/weaknesses in the left column of the QSPM.
2. Assign weights to each key external and internal factor
3. Examine the Stage 2 (matching) matrices and identify alternative strategies that the organization should consider implementing
4. Determine the Attractiveness Scores (AS)
5. Compute the Total Attractiveness Scores
6. Compute the Sum Total Attractiveness Score

MGT603 Final Term Paper 2009 Solved by vuZs Team with ref 7

FINALTERM EXAMINATION
Spring 2009
MGT603- Strategic Management
Shared by Ishi Khan
Solved by vuZs Team
Aniqa Malik & Mehreen Humayun
www.vuzs.info

Time: 150 min
M - 60

Question No: 1 (M - 1) .
Which of the following is NOT INCLUDED IN THE STRATEGIC MANAGEMENT MODEL?

► Measure and evaluate performance

► Establish long-term objectives
► Develop mission and vision statements
► **Perform internal research to identify customers**

Question No: 2 (M - 1) .
A mission statement should "reconcile interests among diverse stakeholders". What does it mean?

► All shareholders must be satisfied
► Shareholders should be given preference over customers
► **Firm will devote attention to meeting claims of various stakeholders**
► Firm will devote its attention towards the maximization of shareholders value

Question No: 3 (M - 1) .
Which of the following are signs of strength in a company's competitive position?

► A debt-to-asset ratio below 0.50 and a positive net cash flow
► A website with extensive information about the company and its product line
► R&D and advertising expenditures greater than $10 million annually
► **A strongly differentiated product and a strong or rising market share**
Sign of strength in a company's competitive position: A strongly differentiated product, a strong or rising market share and important resources or capabilities.

Question No: 4 (M - 1) .
Which of the following is the first step in the controlling function of management?

► Take corrective actions
► Restrict breaks employees take
► Evaluate expense reports
► **Establish performance standards**
Controlling consists of four basic steps:
1. Establishing performance standards
2. Measuring individual and organizational performance
3. Comparing actual performance to planned performance standards
4. Taking corrective actions.

Question No: 5 (M - 1) .
Which of the following allows an organization to test alternative marketing plans and to forecast future sales of new products?

► Marketing
► Advertisement
► **Test marketing**
► Customer analysis

Test markets allow an organization to test alternative marketing plans and to forecast future sales of new products.

Question No: 6 (M - 1) .

The steps required to perform cost/benefit analysis include all BUT:

► Comparing the total costs with the total benefits
► Figure out the total costs associated with a decision
► Approximation of the total benefits from the decision
► **Adding the total cost and total benefit**

Three steps are required to perform a cost/benefit analysis:

- Compute the total costs associated with a decision
- Estimate the total benefits from the decision
- Compare the total costs with the total benefits.

Question No: 7 (M - 1) .

In strategy formulation phase, what can be the problem when only financial ratios are used to measure organizational performance?

► **They need to be compared with competitors'**
► They are only understandable by accountants
► There are many different measures available
► The measures are usually inconsistent

Financial measures need to be compared with competitors to have any value in a strategic sense.

Question No: 8 (M - 1) .

The IFE matrix summarizes and evaluates which factors in the functional areas of a business?

► Opportunities and threats
► **Strengths and weaknesses**
► Strengths and threats
► Opportunities and weaknesses

A summary step in conducting an internal strategic-management audit is to construct an Internal Factor Evaluation (IFE) Matrix. This strategy-formulation tool summarizes and evaluates the major strengths and weaknesses in the functional areas of a business.

Question No: 9 (M - 1) .

The Web sites that sell products directly to the consumers are the examples of which type of strategy?

► Backward integration
► Product development
► **Forward integration**
► Horizontal integration

Forward integration strategy refers to the transactions between the customers and firm.

Question No: 10 (M - 1) .
Which of the followings best describes the Horizontal Integration?

► A firm takes over a supplier
► A firm takes over a distributor
► A firm takes over a competitor
► A firm takes over a manufacturer
Horizontal Integration: Seeking ownership or increased control over competitors.

Question No: 11 (M - 1) .
Which of the following is a drawback or limitation of Horizontal Integration?

► Synergies may be more imaginary than real
► It can increase suppliers' and buyers' bargaining power
► Economies of scale are likely to be decreased
► Both the first & third options are correct
Limitations of Horizontal Integration: Synergies may be more imaginary than real.

Question No: 12 (M - 1) .
Competitive advantage based on differentiation derives from:

► Being the lowest cost producer in the industry and offering the lowest priced products
► Having processes and systems which are different from competitors
► Offering products which offer different benefits from competitors' and are valued by buyers
► Having the broadest range of different goods and services in the industry
Differentiation is a strategy aimed at producing products and services considered unique industry wide and directed at consumers who are relatively price-insensitive.

Question No: 13 (M - 1) .
All of the following situations are conducive to market development EXCEPT:

► When new channels of distribution are expensive
► When new untapped or unsaturated markets exist
► When an organization has excess production capacity
► When an organization's basic industry is becoming rapidly global
Six guidelines when market development may be an especially effective strategy are:

- Untapped or unsaturated markets
- Capital and human resources necessary to manage expanded operations
- Excess production capacity
- Basic industry rapidly becoming global

Question No: 14 (M - 1) .
Which strategy would be effective when the stockholders of a firm can minimize their losses by selling the organization's assets?

► **Liquidation**
► Integration
► Differentiation
► Diversification
Guideline when liquidation may be an especially effective strategy to pursue are:
When stockholders can minimize their losses by selling the firm's assets

Question No: 15 (M - 1) .
ABC firm has high production cost in Pakistan due to expensive raw material. The firm is formulating the strategy of capturing the European market as prices of raw material used in ABC firm's products is relatively low in European market and demand is also there for the firm's products. Which of the following strategy the firm is going to use?

► **WO**
► SW
► ST
► WT
WO = mitigate your weakness with opportunities. Expensive Raw material is a weakness and ABC Firm is going to avail the opportunity of buying raw material from European market.

Question No: 16 (M - 1) .
What of the following strategy would you recommend when a firm's SPACE Matrix directional vector has the coordinates (-5, -2)?

► Market penetration
► Market development
► Backward integration
► **Retrenchment**
(-5, -2) comes in Defensive strategy and which is the Quadrant III.
Quadrant III
Retrenchment
Concentric diversification
Horizontal diversification
Conglomerate diversification
Liquidation

Question No: 17 (M - 1) .
ABC company is competing in an industry where the growth rate of that industry from year to year has reached zero or is close to zero, ABC is operating in which industry?

► Growing industry
► Emerging industry

► **Mature industry**
► Declining industry
Maturity stage: Longest period in the life cycle of a firm, industry, or product, during which sales peak and start to decline. In economics, the final stage of economic growth characterized by high level of mass consumption.
Industry environment (for example, embryonic, mature).

Question No: 18 (M - 1) .
IE matrix is based on which dimensions?

► Market share and industry growth
► Financial strength and industry strength
► **Weighed scores of IFE and EFE matrices**
► Market growth and competitive position
The Internal-External (IE) Matrix: It relate to internal (IFE) and external factor evaluation (EFE). The findings from internal and external position and weighted score plot on it.

Question No: 19 (M - 1) .
How can the divisions that fall in hold and maintain region of IE matrix be best managed?

► **Market penetration and product development**
► Forward integration and backward integration
► Horizontal diversification and joint venture
► Mergers and acquisitions
The IE Matrix can be divided into three major regions that have different strategy implications.

First, the prescription for divisions that fall into cells I, II, or IV can be described as grow and build. Intensive (market penetration, market development, and product development) or integrative (backward integration, forward integration, and horizontal integration).

Second, divisions that fall into cells III, V, or VII can be managed best with hold and maintain strategies; market penetration and product development.

Third, a common prescription for divisions that fall into cells VI, VIII, or IX is harvest or divest.

Question No: 20 (M - 1) .
In Grand strategy matrix what will be the appropriate quadrant for the Ahmad textiles if it is operating in slow growing market and holds weak competitive position?

► Quadrant I
► Quadrant II
► **Quadrant III**

► Quadrant IV

Qurdant-3 contains that company's weak competitive situation and slow market growth. The firms fall in this quadrant compete in slow-growth industries and have weak competitive positions.

Question No: 21 (M - 1) .

Which of the following is TRUE about weights assigned in QSPM?

► This refers to preference assigned to the internal and external factors
► This refers to relative importance of the internal and external factors
► This refers to the insignificance of the internal and external factors
► This refers to the relative size of the internal and external factors

Assign to each factor a weight, which indicates the relative importance of that factor to being successful in the firm's industry.

Question No: 22 (M - 1) .

Numerical values that indicate the relative attractiveness of each strategy in a given set of alternative strategies is referred as:

► Total attractiveness score
► Attractiveness score
► Weighted score
► Total weighted score

Attractiveness Scores (AS): numerical values that indicate relative attractiveness; examine key external or internal factors, found in QSPM

Question No: 23 (M - 1) .

What can be the limitation of QSPM?

► Only a few strategies can be evaluated simultaneously
► The cost of doing the analysis is very high
► Intuitive judgments and educated assumption are required
► It requires equal participation of everyone in organization

Limitations of 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: 24 (M - 1) .

Which of the following is a deliberate plan of action, guidelines, methods, procedures to guide decisions and achieve rational outcome?

► Annual objectives
► Strategies
► Policies
► Goals

Policy refers to specific guidelines, methods, procedures, rules, forms, and administrative practices established to support and encourage work toward stated goals.

Question No: 25 (M - 1) .

Why do changes in company strategy often require changes in the way an organization is structured?

► **Because structure depicts how goals will be established**
► Because structure dictates how authorities will be delegated
► Because structure dictates how resources will be obtained
► Because structure dictates how financial resources are spent
Organizational structure dictates how resources are allocated and how objectives are established in a firm.

Question No: 26 (M - 1) .
Which organizational structure is the most simple and economical?

► Strategic business unit
► **Functional structure**
► Divisional structure
► Matrix structure
The most widely used structure is the functional or centralized type because this structure is the simplest and least expensive of the seven alternatives.

Question No: 27 (M - 1) .
A divisional structure by geographic area is most appropriate in which of the following situation?

► **Organizations have similar branch facilities in dispersed areas**
► Organization offers a limited number of products or services
► Organization needs strict control over product lines
► Organization has to serve a large geographic area

Question No: 28 (M - 1) .
Which of the following is best identified as being an adaptation of the divisional structure?

► Vertical Integration
► **Strategic business units**
► Joint venture
► None of the given options
The strategic business unit (SBU) is an adaptation of the divisional structure whereby various divisions or parts of divisions are grouped together based on some common strategic elements.

Question No: 29 (M - 1) .
All of the following fall under the category of restructuring EXCEPT:

► Reducing number of employees
► **Reducing number of shareholders**
► Reducing number of divisions
► Reducing number of hierarchical levels
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.

Question No: 30 (M - 1) .

Which one of the following is Educative change strategy?

► Giving orders to subordinates and enforcing those orders
► Changing the strategy of educational institutions
► **Presenting information to convince people of the need for change**
► Attempting to convince individuals that the change is for their interest

The educative change strategy is one that presents information to convince people of the need for change.

Question No: 31 (M - 1) .

Under Just in Time (JIT) approach, when the new stock is ordered?

► When stock comes to an end
► **When stock reaches the re-order level**
► On 1st of each month
► At the start of the year

New stock is ordered when stock reaches the re-order level.

Question No: 32 (M - 1) .

Which one of the following variables is not directly affected by market segmentation?

► Product
► Place
► **Process**
► Price

Variables such as product, place, price and promotion are directly affected by market segmentation.

Question No: 33 (M - 1) .

Which one of the following is an example of product decisions?

► **Brand name**
► Volume discounts
► Distribution channels
► Order processing

Product Decisions:

Here are some examples of the product decisions to be made:

• Brand name
• Functionality
• Styling

Question No: 34 (M - 1) .

In the low earnings period, which one of the following can endanger stockholders' return and can put in danger the company survival?

► **Too much debt in the capital structure**
► Too much liquid assets in the capital structure
► Too much equity in the capital structure
► Too much tax in the capital structure
In low earning periods, too much debt in the capital structure of an organization can endanger stockholders' return and jeopardize company survival.

Question No: 35 (M - 1) .
Which element in the projected income statement cannot be forecasted using the percentage-of-sales method?

► Cost of goods sold
► **Interest expense**
► Selling expense
► Administrative expense
Pro forma financial analysis: Use percentage-of-sales method to project Cost of Goods Sold and selling & administrative expenses.

Question No: 36 (M - 1) .
Which of these is the most common type of budgeting time frame?

► Daily
► Monthly
► Quarterly
► **Annually**
Annual budgets are most common, although the period of time for a budget can range from one day to more than ten years.

Question No: 37 (M - 1) .
Which of the following is NOT accepted for determining a business worth?
► Firm's holdings
► Firm's earnings
► **Firm's return on investment**
► Firm's bringings in to the market
All the various methods for determining a business's worth can be grouped into three main approaches:
1. What a firm owns
2. What a firm earns
3. What a firm will bring in the market.

Question No: 38 (M - 1) .
If technology is changing rapidly and the market is growing slowly then what decision the firm should take regarding R & D?

► In-house R&D should be established
► Acquisition of a well-established firm in the industry
► **R&D investment is risky, so don't take any action**
► Obtain R&D expertise on an nonexclusive basis

If technology is changing rapidly and the market is growing slowly, then a major effort in R&D may be very risky, because it may lead to development of an ultimately obsolete technology or one for which there is no market.

Question No: 39 (M - 1) .

Which of the following is NOT one of the major approaches to R&D?

► To be an innovative imitator of successful products
► To be a low-cost producer by mass-producing products
► To be a differentiated products manufacturer in industry
► To be the first firm to market new technological products

There are at least three major R&D approaches for implementing strategies.
1. First firm to market new technological products
2. Be an innovative imitator of successful products
3. Low-cost producer of similar but less expensive products

Question No: 40 (M - 1) .

What is the appropriate time frame for strategy-evaluation activities?

► At the beginning of a problem
► On a continuous basis
► Upon completion of major projects
► After the closing of financial year

Strategy-evaluation activities should be performed on a continuing basis, rather than at the end of specified periods of time of just after problems occur.

Question No: 41 (M - 1) .

XYZ Company has controlled its distributors so that no other firm can access the scarce natural resources available in the country, which are used in XYZ's production. This action is taken in order to reduce which of the following:

► The bargaining power of customers
► The bargaining power of suppliers
► The threat of new entrants
► The threat of substitute products

Control over the distribution channels is be a barrier to new entrant because new entrants need to get distributor for distribution of its product. To get distributor in this situation, new entrants have to pay extra cost which will reduce profit.

Question No: 42 (M - 1) .

Which one of the following statements best describes the activity 'marketing and sales' of Porter's supply chain model?

► Machining, packaging, assembly, equipment maintenance & testing
► Activities linked with getting buyers to purchase the product
► Activities that maintain and enhance the product's value
► Receiving, storing, inventory control & transportation planning

Marketing and Sales: The activities associated with getting buyers to purchase the product, including: channel selection, advertising, promotion, selling, pricing, retail management, etc.

Question No: 43 (M - 1) .

Outbound logistics includes which one of the following?

► Receiving, storing, inventory control, transportation planning
► Machining, packaging, assembly, equipment maintenance, testing
► Activities required to get the finished product at the customers
► Activities that maintain and enhance the product's value

Outbound Logistics: The activities required to get the finished product at the customers, such as: warehousing, order fulfillment, transportation, distribution management.

Question No: 44 (M - 1) .

Which of the following statement is TRUE about Inbound Logistics?

► It includes receiving, storing, inventory control & transportation planning
► It includes machining, packaging, assembly, equipment maintenance & testing
► It includes activities required to deliver the finished product to the customers' end
► It includes the activities that maintain and enhance the product's value

Inbound Logistics: Includes receiving, storing, inventory control, transportation planning.

Question No: 45 (M - 1) .

All of the following are support activities of Porter’s supply chain model EXCEPT:

► Firm Infrastructure
► Marketing and Sales
► Technology Development
► Procurement

Porter supply chain model:

- Procurement.
- Technology Development.
- Human Resource Management
- Firm Infrastructure.
-

Question No: 46 (M - 1) .

To make changes in the organization’s management, marketing, finance/accounting and R&D, which one of the following should be focused?

► Revised mission
► Revised IFE matrix

► Revised EFE matrix
► Revised EPM matrix
A revised IFE Matrix should focus on changes in the organization's management, marketing, finance/accounting, production/operations, R&D, and computer information systems strengths and weaknesses.

Question No: 47 (M - 1) .
A revised IFE Matrix should focus on which one of the following?

► Changes in the organization's management, marketing R & D, computer information system and external environment.
► Marketing, finance/accounting, production/operations, R&D and computer information systems strengths and weaknesses.
► Effectiveness of a firm's strategies in response to key opportunities and threats.
► Effectiveness of an organization’s strategy in pursuing the competitive goals and managerial actions.
A revised IFE Matrix should focus on changes in the organization's management, marketing, finance/accounting, production/operations, R&D, and computer information systems strengths and weaknesses.

Question No: 48 (M - 1) .
Which of the following statement is TRUE about most of the quantitative criteria of evaluating strategies?

► These are geared to annual objective
► These are geared to short-term objective
► These are geared to long-term objective
► These are geared to social objectives
Most quantitative criteria are geared to annual objectives rather than long-term objectives.

Question No: 49 (M - 1) .
Which one of the following is NOT correct about financial ratios?

► These are used to compare the firm's performance over different time periods
► These are used to compare the firm's performance relevant to its competitors'
► These are used to compare the firm's performance in relation to industry averages
► These are used to compare the firm’s performance in relation to future trends
Quantitative criteria commonly used to evaluate strategies are financial ratios, which strategists use to make three critical comparisons:
(1) comparing the firm's performance over different time periods,
(2)comparing the firm's performance to competitors'.
(3) comparing the firm's performance to industry averages.

Question No: 50 (M - 1) .

A good evaluation system must posses various qualities. Which of the following is not a characteristic of a good strategy evaluation system?

► Strategy-evaluation activities must be economical
► Strategy-evaluation activities should be meaningful
► Strategy-evaluation activities should dominate the decisions
► Strategy-evaluation activities should provide timely information
Strategy-evaluation activities possess the following:

- Mustbe economical.
- Too much information can be just as bad as too little information.
- Too many controls can do more harm than good.
- Shouldbe meaningful;
- They should specifically relate to a firm's objectives.
- Should provide managers with useful information about tasks.
- Should providetimely information.
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Question No: 51 (M - 1) .
Which of the following enables the firm to create superior value for its customers and superior profits for itself in comparison to its rival firms?

► Competitive advantage
► Comparative advantage
► Differential advantage
► Suitable advantage
Differentiation involves creating a product that is perceived as unique. The unique features or benefits should provide superior value for the customer.

Question No: 52 (M - 1) .
Adapting to change confronts an organization's strategic management to which of the following issue(s):

► What kind of business we should be in?
► Are we in the right field?
► Should we reshape our business?
► All of the given options
The need to adapt to change leads organizations to key strategic management questions, such as "What kind of business should we become?" "Are we in right field?" "Should we reshape our business?" "Are new technologies being developed that could put us out of business?"

Question No: 53 (M - 1) .
Which of the following environment includes all those factors which affect the organization and is itself affected by the organization?

► Task environment
► Social environment
► External environment
► Internal environment

Task environment includes all those factors which affect the organization and itself affected by the organization.

Question No: 54 (M - 1) .
Non-financial benefits of strategic management include all of the following EXCEPT:

► Enhanced awareness of threats
► Reduced resistance to change
► Increase in sales
► Better awareness of external threats
Non-Financial benefits:
Increased employee productivity
Improved understanding of competitors' strategies
Greater awareness of external threats
Understanding of performance reward relationships
Lesser resistance to change

Question No: 55 (M - 1) .
Which cell of the TOWS Matrix involves matching internal strengths with external opportunities?

► The WT cell
► The SO cell
► The SW cell
► The ST cell
Match internal strengths with external opportunities and mention the result in the SO Strategies cell.

Question No: 56 (M - 1) .
In the Boston Consulting Group (BCG) growth-share matrix, which strategy in the matrix describes large generation of cash and heavy investment needed to grow and maintain competitive positioning but net cash flow is usually modest?

► Stars
► Dogs
► Cash cows
► Question marks
Stars describe a business with a strong competitive position in the industry. The industry is robust and SBUs are highly attractive. Net cash flow is modest since investment is heavy although stars generate large amounts of cash.

Question No: 57 (M - 1) .
Which of the following best describes "Strategy Implementation"?

► It refers to positioning forces before the action
► It focuses on effectiveness
► It requires coordination among many individuals
► It requires coordination among few individuals

Strategy implementation requires coordination among many persons.

Question No: 58 (M - 1) .

Which of the following is NOT a rule of thumb when using product positioning as a strategy-implementation tool?

► "Don't squat between segments"
► "Look for the hole or vacant niche"
► **"Try to serve more than one segment with the same strategy"**
► "Don't position yourself in the middle of the map"

Some rules of thumb for using product positioning as a strategy-implementation tool are the following:
Look for the hole or vacant niche.
Don't squat between segments.
Don't serve two segments with the same strategy.
Don't position yourself in the middle of the map.

Question No: 59 (M - 1) .

There are numerous external and internal factors that can prohibit firms from achieving long-term and annual objectives. Which of the following is NOT an external factor?

► Actions by competitors
► Changes in technology
► Changes in demand
► **Ineffective strategies**

Numerous external and internal factors can prohibit firms from achieving long-term and annual objectives. Externally, actions by competitors, changes in demand, changes in technology, economic changes, demographic shifts, and governmental actions may prohibit objectives from being accomplished.

Question No: 60 (M - 1) .

According to "Linneman and Chandran", which of the following permits quick response to change, prevents panic in crisis situations and makes managers more adaptable?

► Forecasting
► **Contingency planning**
► Taking corrective actions
► Environmental scanning

Contingency planning: It permitted quick response to change, it prevented panic in crisis situations, and it made managers more adaptable by encouraging them to appreciate just how variable the future can be.

Question No: 61 (M - 5)

Identify any five variables relating to Competitive Advantage (CA) that are useful in determining Internal Strategic Position of a company.

Answer:

Variables related to Competitive Advantage (CA)

Access to the market
Quality of product and services
Product life cycle
Customer loyalty
Capacity, location and layout
Technological know-how
Backward and forward integration

Question No: 62 (M - 5)
How can a firm create a “cost advantage”? Discuss it by keeping in mind value chain activities.

Answer:

Creating a cost advantage based on the value chain
A firm may create a cost advantage:
• By reducing the cost of individual value chain activities
• By reconfiguring the value chain.

Cost advantage can be created by reducing the costs of the primary activities, but also by reducing the costs of the support activities. Recently there have been many companies that achieved a cost advantage by the clever use of Information Technology.
Once the value chain has been defined, a cost analysis can be performed by assigning costs to the value chain activities. Porter identified 10 cost drivers related to value chain activities:

1. Economies of scale.
2. Learning.
3. Capacity utilization.
4. Linkages among activities.
5. Interrelationships among business units.
6. Degree of vertical integration.
7. Timing of market entry.
8. Firm's policy of cost or differentiation.
9. Geographic location.
10. Institutional factors (regulation, union activity, taxes, etc.).

Question No: 63 (M - 10)
Describe the types of organizational structures managers can design. Also explain why they choose one structure over another.

Answer:

Organizational structures

Following are different organizational structures:

Functional Structure:

The organization is structured according to functional areas instead of product lines. The functional structure groups specialize in similar skills in separate units. This structure is best used when creating specific, uniform products. A functional structure is well suited to organizations which have a single or dominant core product because each subunit becomes extremely adept at performing its particular portion of the process. They are economically efficient, but lack flexibility. Communication between functional areas can be difficult.

Divisional Structure:

Divisional structure is formed when an organization is split up into a number of self-contained business units, each of which operates as a profit centre. such a division may occur on the basis of product or market or a combination of the two with each unit tending to operate along functional or product lines, but with certain key function (e.g. finance, personnel, corporate planning) provided centrally, usually at company headquarters.

The Matrix Structure:

A matrix structure is the most complex of all designs because it depends upon both vertical and horizontal flows of authority and communication (hence, the term matrix). In contrast, functional and divisional structures depend primarily on vertical flows of authority and communication. A matrix structure can result in higher overhead because it creates more management positions. Other characteristics of a matrix structure that contribute to overall complexity include dual lines of budget authority (a violation of the unity-of-command principle), dual sources of reward and punishment, shared authority, dual reporting channels, and a need for an extensive and effective communication system.

Question No: 64 (M - 10)

Strategy can neither be formulated nor be adjusted to changing circumstances without a process of strategy evaluation. But in order to be effective, this process must meet several basic requirements. You are required to discuss those requirements.

Answer:

Basic requirements for Strategy Formulation:

A Good evaluation must meet several basic requirements to be effective. First, strategy-evaluation activities must be economical; too much information can be just as bad as too little information; and too many controls can do more harm than good. Strategy-evaluation activities also should be meaningful; they should specifically relate to a firm's objectives. They should provide managers with useful information about tasks over which they have control and influence.

Strategy-evaluation activities should provide timely information; on occasion and in some areas, managers may need information daily. For example, when a firm has diversified by acquiring another firm, evaluative information may be needed frequently. However, in an R&D department, daily or even weekly evaluative information could be dysfunctional. Approximate information that is timely is generally more desirable as a basis for strategy evaluation than accurate information that does not depict the present. Frequent measurement and rapid reporting may frustrate control rather than give better control. The time dimension of control must coincide with the time span of the event being measured.

Strategy evaluation should be designed to provide a true picture of what is happening. For example, in a severe economic downturn, productivity and profitability ratios may drop alarmingly, although employees and managers are actually working harder. Strategy evaluations should portray this type of situation fairly.

Information derived from the strategy-evaluation process should facilitate action and should be directed to those individuals in the organization who need to take action based on it. Managers commonly ignore evaluative reports that are provided for informational purposes only; not all managers need to receive all reports.

Controls need to be action-oriented rather than information-oriented.

The strategy-evaluation process should not dominate decisions; it should foster mutual understanding, trust, and common sense! No department should fail to cooperate with another in evaluating strategies.

Strategy evaluations should be simple, not too cumbersome, and not too restrictive. Complex strategy evaluation systems often confuse people and accomplish little. The test of an effective evaluation system is its usefulness, not its complexity.
Large organizations require a more elaborate and detailed strategy-evaluation system because it is more difficult to coordinate efforts among different divisions and functional areas. Managers in small companies often communicate with each other and their employees daily and do not need extensive evaluative reporting systems. Familiarity with local environments usually makes gathering and evaluating information much easier for small organizations than for large businesses. But the key to an effective strategy evaluation system may be the ability to convince participants that failure to accomplish certain objectives within a prescribed time is not necessarily a reflection of their performance.

MGT603 Strategic Management Final 2011 Subjective Questions shared by different students

MGT603 - Strategic Management Questions.

Question no. 1 (Marks 3)

What are opportunities and threats? explain briefly with the help of two examples of each

Question no. 2 (Marks 3)

what are the best strategy The firm falling in Quadrant IV of Grand Strategy Matrix?

Question no. 3 (Marks 3)

What is the stock ownership of employees ?

Question no. 4 (Marks 3)

Define contingency plans?

Question no. 5 (Marks 5)

what is the role of financial ratios in internal audit?

Question no. 6 (Marks 5)

What is the SMART criteria in annual objectives?

Question no. 7 (Marks 5)
Discuss the activities that can help an organization to reduce cost.

Question no. 1 (Marks 3)
In which circumstances, cost- leader producers will bring effectiveness in industry?

Question no. 2 (Marks 3)
Define concentric diversification. In what conditions you would suggest an organization to pursue this strategy?

Question no. 3 (Marks 3)
What is Marketing mix? Name the factor components of marketing mix.

Question no. 4 (Marks 3)
What is corporate-level objectives? Write two statements exemplifying these objectives.

Question no. 5 (Marks 5)
Write some potential problems associated with using quantitative criteria for evaluating strategies.

Question no. 6 (Marks 5)
Identify any five questions arises while developing a revised EFE matrix for, Reviewing the

underlying bases of an organization's strategy.

Question no. 7 (Marks 5)
Write some of the advantages of diversified workforce within an organization.

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1. QSPM requires intuitive judgments and educated assumptions. Discuss.?(5 marks)

2. strategy-evaluation system related question but new (not from past papers) (5 marks)

3. importance of Market position for organization (5 marks)

4. Suggest that what can be the best way to overcome individuals' resistance to change while taking corrective actions. (3 marks)

5. Discuss any three guidelines that can be used to determine whether a firm should conduct R&D internally or externally (3 marks)

6. customer orientation and declaration of attitude. Discuss it by keeping in mind mission statement. (5 marks)

Q.1 How would you interpret each of following rating
In IFE matrix one of critical success factor is rating 4
If Financial ratio is 3 in IFE matrix
In IFE matrix the total weightage is 2.85 (3 marks)

Q 2 Describe the strategic position of a firm falling in quadrant 4 in Grand Strategy Matrix (3 marks)

Q 3 Suggest that what would be the best way to overcome the individuals resistance to change while taking corrective actions (3 marks)

Q 4 What can be the consideration of a firm while taking decision regarding the place as a component of marketing mix (3 marks)

Q 5 In IFE matrix total weightage score is
A = 2.50
B = 1.50
C = 3.24
For above given data how would you interpret the total weighted score of each firm and compare firm B with firm A and firm C (5 marks)

Q 6 Compare and contras Restructuring & Re engineering (5 marks)

Q7 Differentiate the Bargaining power of supplier & Bargaining power of customers in Porter's Five factors model (5 marks)

Q 8 What is dual bonus system.Elaborate with the help of examples (5marks)

Question no. 1 (Marks 3)
In which circumstances, cost- leader producers will bring effectiveness in industry?

Question no. 2 (Marks 3)
Define concentric diversification. In what conditions you would suggest an organization to pursue this strategy?

Question no. 3 (Marks 3)
What is Marketing mix? Name the factor components of marketing mix.

Question no. 4 (Marks 3)
What is corporate-level objectives? Write two statements exemplifying these objectives.

Question no. 5 (Marks 5)
Write some potential problems associated with using quantitative criteria for evaluating strategies.

Question no. 6 (Marks 5)
Identify any five questions arises while developing a revised EFE matrix for, Reviewing the underlying bases of an organization's strategy.

Question no. 7 (Marks 5)
Write some of the advantages of diversified workforce within an organization.