UNIVERSITY OF MUMBAI
(MU EXAM MISSION- 2020)
Cluster No. 9
Lead College: Madanbhai Sura Institute of Business Management, Khed, Ratnagiri 415709

1	Mandar Education Society's Rajaram Shinde College of Master of Business Adminstration, Chiplun, Dist.Ratnagiri.
2	Sahyadri Institute of Management & Research, Sawarde. Dist.Ratnagiri.
3	Mahatma Edu.Soc.'s Pillai's HOC Institute of Management Studies & Research, Khalapur Dist. Raigadh
4	Prabhakar Patil Education Society's Institute of Management Studies, Alibag, Dist. Raigadh.
5	Navkokan Education Society's Institute of Management Studies, Chiplun, Dist.Ratnagiri.
6	Rajendra Mane College of Engineering and Technology Ambav, Devrukh, Dist.Ratnagiri.
7	**Lead College:-** Sahjeevan Shikshan Sanstha's Madanbhai Sura Institute of Business Management, Khed, Dist.Ratnagiri.

SUBJECT- STRATEGIC MANAGEMENT (SEMESTER- 3)
MCQ Question Bank
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1. Above-average returns are:
   a. higher profits than the firm earned last year.
   b. higher profits than the industry average over the last 10 years.
   c. profits in excess of what an investor expects to earn from a historical pattern of performance of the firm.
   d. profits in excess of what an investor expects to earn from other investments with a similar level of risk.

2. The strategic management process is
   a. set of activities that will assure a temporary advantage and average returns for the firm.
   b. a decision-making activity concerned with a firm's internal resources, capabilities, and competencies, independent of the conditions in its externalenvironment.1
   c. process directed by top-management with input from other stakeholders that seeks to achieve above-average returns for

investors through effective us of the organization's resources.
d. the full set of commitments, decisions, and actions required for the firm to achieve above-average returns and strategic competitiveness.

3. In the resource-based model, which of the following factors would be considered a key to organizational success?
a. unique market niche
b. weak competition
c. economies of scale
d. skilled employees

4. All of the following are resources of an organization EXCEPT
a. an hourly production employee's ability to catch subtle quality defects in products.
b. oil drilling rights in a promising region.
c. weak competitors in the industry.
d. a charity's endowment of $400 million.

5. The resource-based model of the firm argues that
a. all resources have the potential to be the basis of sustained competitive advantage.
b. all capabilities can be a source of sustainable competitive advantage.
c. the key to competitive success is the structure of the industry in which the firm competes.
d. resources and capabilities that are valuable, rare, costly to imitate, and non-substitutable form the basis of a firm's core competencies.

6. An analysis of the economic segment of the external environment would include all of the following EXCEPT
a. interest rates.
b. international trade.
c. the strength of the U.S. dollar.
d. the move toward a contingent workforce.

7. Product differentiation refers to the:
   a. ability of the buyers of a product to negotiate a lower price.
   b. response of incumbent firms to new entrants.
   c. belief by customers that a product is unique.
   d. fact that as more of a product is produced the cheaper it becomes per unit.

8. Switching costs refer to the:
   a. cost to a producer to exchange equipment in a facility when new technologies emerge.
   b. cost of changing the firm's strategic group.
   c. one-time costs suppliers incur when selling to a different customer.
   d. one-time costs customers incur when buying from a different supplier.

9. New entrants to an industry are more likely when (i.e., entry barriers are low when...)
   a. it is difficult to gain access to distribution channels.
   b. economies of scale in the industry are high.
   c. product differentiation in the industry is low.
   d. capital requirements in the industry are high.

10. Suppliers are powerful when:
   a. satisfactory substitutes are available.
   b. they sell a commodity product.
   c. they offer a credible threat of forward integration.
   d. they are in a highly fragmented industry.

11. According to the five factors model, an attractive industry would have all of the following characteristics EXCEPT:
   a. low barriers to entry.
   b. suppliers with low bargaining power.
   c. a moderate degree of rivalry among competitors.
   d. few good products substitute.

12. Internal analysis enables a firm to determine what the firm
   a. can do.
   b. should do.
   c. will do.
   d. might do.

13. An external analysis enables a firm to determine what the firm
   a. can do.
   b. should do.
   c. will do.
   d. might do.

14. Compared to tangible resources, intangible resources are
   a. of less strategic value to the firm.
   b. not the focus of strategic analysis.
   c. a more potent source of competitive advantage.
   d. more likely to be reflected on the firm's balance sheet.

15. Which of the following is a true statement about capabilities?
   a. Capabilities emerge over time through complex interactions of tangible and intangible resources.
   b. Valuable capabilities are based almost entirely on tangible resources.
   c. Capabilities based on human capital are more vulnerable to obsolescence than other intangible capabilities because of the tendency for employee knowledge to become outdated.
   d. The link between firm financial performance and capabilities is dependent on whether the capabilities are based on tangible or intangible resources.

16. To be a core competency, a capability must satisfy all of the following criteria EXCEPT:
   a. be technologically innovative.
   b. be hard for competing firms to duplicate.
   c. be without good substitutes.
   d. be valuable to customers.

17. Capabilities that other firms cannot develop easily are classified as
   a. costly to imitate.
   b. rare.
   c. valuable.
   d. no substitutable.

18. Costly-to-imitate capabilities can emerge for all of the following reasons EXCEPT
   a. lack of scientific transference.
   b. social complexity.
   c. unique historical conditions.
   d. causal ambiguity.

19. Gamma, Inc., has struggled for industry dominance with Ardent, Inc., its main competitor, for years. Gamma has gathered and analyzed large amounts of competitive intelligence about Ardent. It has observed as much of the firm's internal functioning and technology as it can legally, yet Gamma cannot understand why ABC has a competitive advantage over it.
The source of ABC's success is

   a. impregnable.
   b. causally ambiguous.
   c. rationally obscure.
   d. elusive

20. firms that achieve competitive parity can expect to:
   a. earn below-average returns.
   b. earn average returns.
   c. earn above-average returns.
   d. initially earn above-average returns, declining to average returns.

21. Business-level strategies detail commitments and actions taken to provide value to customers and gain competitive advantage by exploiting core competencies in

   a. the selection of industries in which the firm will compete.
   b. specific product markets.
   c. primary value chain activities.
   d. particular geographic locations.

22. The three dimensions of a firm's relationships with customers include all the following EXCEPT
   a. exclusiveness.

b. affiliation.
c. richness.
d. reach

23. A cost leadership strategy targets the industry's ___ customers.
a. most typical
b. poorest
c. least educated
d. most frugal

24. When the costs of supplies increase in an industry, the low-cost leader
a. may continue competing with rivals on the basis of product features.
b. will lose customers as a result of price increases.
c. will be unable to absorb higher costs because cost-leaders operate on very narrow profit margins.
d. may be the only firm able to pay the higher prices and continue to earn average or above- average returns.

25. Multimarket competition occurs when firms
a. sell different products to the same customer.
b. have a high level of awareness of their competitors' strategic intent.
c. simultaneously enter into an attack strategy.
d. compete against each other in several geographic or product markets.

26. Competitive dynamics refers to the
a. circumstances where competitors are aware of the degree of their mutual interdependence resulting from market commonality and resource similarity.
b. set of competitive actions and competitive responses the firm takes to build or defend its competitive advantages and to improve its market position.
c. total set of actions and responses taken by all firms competing within a market.
d. ongoing set of competitive actions and competitive responses between competitors as they maneuver for advantageous market position.

27. Firms with few competitive resources are more likely
   a. to not respond to competitive actions.
   b. respond quickly to competitive actions.
   c. delay responding to competitive actions.
   d. respond to strategic actions, but not to tactical actions.

28. Which of the following would be an example of a strategic action?
   a. a "two movies for the price of one" campaign by Blockbuster Video
   b. use of product coupons by a local grocer
   c. entry into the European market by Home Depot
   d. fare increases by Southwest Airlines

29. The chief disadvantage of being a first mover is the
   a. high degree of risk.
   b. high level of competition in the new marketplace.
   c. inability to earn above-average returns unless the production process is very efficient.
   d. difficulty of obtaining new customers.

30. Ninety percent of Wm. Wrigley Company's total revenue comes from chewing gum. This is an example of
   a. market commonality.
   b. standard-cycle markets.
   c. economies of scale.
   d. market dependence.

31. All competitive advantages do not accrue to large sized firms. A major advantage of smaller firms is that they
   a. are more likely to have organizational slack.
   b. can launch competitive actions more quickly.
   c. have more loyal and diverse workforces.
   d. can wait for larger firms to make mistakes in introducing innovative products.

32. A sustained or sustainable competitive advantage requires that:
   a. the value creating strategy be in a formulation stage.

b. competitors implement the strategy.
c. other companies not be able to duplicate the strategy.
d. average returns be earned by the company.

33. An integrated and coordinated set of commitments and actions designed to exploit core competencies and gain a competitive advantage in a specific product market is a definition of:
a. business strategy.
b. core competencies.
c. sustained competitive advantage.
d. strategic mission.

34. In evaluating its customers, which of the following is NOT a relevant question?
a. How will core competencies meet the customer's needs?
b. Who is the customer?
c. What are the customers' needs?
d. How will our top management team interact with the customer?

35. Customer needs are related to the:
a. characteristics that can be used to subdivide a large market into segments.
b. set of values exhibited by a group of customers.
c. use of core competencies to implement a strategy.
d. benefits and features of a good or service that customers want to purchase.

36. A company using a narrow scope in its business strategy is:
a. following a cost leadership business strategy.
b. focusing on a broad array of geographic markets.
c. limiting the group of product segments served.
d. likely to earn only average returns.

37. A cost leadership strategy provides goods or services with features that are:
a. acceptable to customers.
b. unique to the customer.
c. highly valued by the customer.
d. able to meet unique needs of the customer

38. When the costs of supplies increase in an industry, the low-cost leader may:

a. continue competing with rivals on the basis of product features.
b. lose customers as a result of price increases.
c. make it difficult for new entrants to the industry to achieve above-average returns.
d. be the only firm able to pay the higher prices and continue to earn average or above- average returns.

39. The risks of a cost leadership strategy include:

a. becoming "stuck in the middle."
b. production and distribution processes becoming obsolete
c. the ability of competing firms to provide similar features in a product.
d. customers deciding the product isn't worth what the firm must charge for it.

40. A differentiation strategy provides products that customers perceive as having:

a. acceptable features.
b. features of little value relative to the value provided by the low-cost leader's product.
c. features for which the customer will pay a low price.
d. features that are non-standardized for which they are willing to pay a premium.

41. When implementing a focus strategy, the firm seeks:

a. to be the lowest cost producer in an industry.
b. to offer products with unique features for which customers will pay a premium.
c. to avoid being stuck in the middle.
d. to serve the specialized needs of a market segment

42. Assessments of the long-term attractiveness of each industry represented in a diversified company's lineup of businesses should be based on

a. A complete value-chain analysis of each industry
b. Whether the industries have the same kinds of driving forces
c. How many companies in each industry are making money and how

many are losing money?

d. Quantitative industry attractiveness scores derived from rating each industry on several relevant attractiveness measures (weighted according to their relative importance in determining overall attractiveness)

43. The chief purpose of calculating quantitative industry attractiveness scores for each industry a company has diversified into is to

a. Determine which industry is the biggest and fastest growing
b. Get in position to rank the industries from most competitive to least competitive
c. Provide a basis for drawing analysis-based conclusions about the attractiveness of the industries a company has diversified into, both individually and as a group and further to provide an indication of which industries offer the best and worst long-term prospects
d. All of the above

44. A weighted industry attractiveness assessment is generally analytically superior to an unweighted assessment because

a. A weighted ranking identifies which industries offer the best/worst long-term profit prospects
b. An unweighted ranking doesn't discriminate between strong and weak industry driving forces and industry competitive forces
c. It does a more accurate job of singling out which industry key success factors are the most important
d. An unweighted ranking doesn't help identify which industries have the easiest and hardest value chains to execute
e. The various measures of attractiveness are not likely to be equally important in determining overall attractiveness

45. When industry attractiveness ratings are calculated for each of the industries a multi-business company has diversified into, the results help indicate

a. Which industries appear to be the best and worst ones to be in and the attractiveness of all the industries as a group from the standpoint of the company's long-term performance
b. Which industries have attractive key success factors and

which industries have unattractive key success factors

c. Which industries have the biggest economies of scale and which industries have the greatest economies of scope and the overall potential for cost reduction in the industries as a group
d. All of the above

46. Calculating quantitative attractiveness ratings for the industries a diversified company has invested in

a. Allows a company to rank the competitive advantage opportunities in each industry from best to worst
b. Helps identify which industries have the best/worst prospects for revenue growth
c. Identifies which industry has the best/worst value chain from the standpoint of cost reduction potential
d. Provides a basis for deciding whether a diversified company has good prospects for growth and profitability, given the attractiveness ratings of the industries in which it has business interests

47. A weighted competitive strength analysis of a diversified company's business units is conceptually stronger than an unweighted analysis because

a. It provides a more accurate assessment of the strength of cross-business strategic fits
b. It provides better indication of which business units have the best strategy (vis-à-vis the rival in their respective industry)
c. The different measures of competitive strength are unlikely to be equally important
d. All of the above

48. The value of determining the relative competitive strength of each business a company has diversified into is

a. To have a quantitative basis for identifying which businesses have large/small competitive advantages or competitive disadvantages vis-à-vis the rivals in their respective industries
b. To have a quantitative basis for rating them from strongest to weakest in terms of contributing to the corporate parent's revenue growth

c. To compare resource strengths and weaknesses, business by business
d. To have a quantitative basis for rating them from strongest to weakest in contending for market leadership in their respective industries

49. The most important strategy-making guidance that comes from drawing a 9-cell industry attractiveness-competitive strength matrix is
a. Which businesses in the portfolio have the most potential for strategic fit and resource fit
b. Why cash cow businesses are more valuable than cash hog businesses
c. That corporate resources should be concentrated on those businesses enjoying both a higher degree of industry attractiveness and competitive strength and that businesses having low competitive strength in relatively unattractive industries should be looked at for possible divestiture
d. All of the above

50. One of the most significant contributions to strategy-making in diversified companies that the 9-cell industry attractiveness/competitive strength matrix provides is
a. Identifying which businesses have strategies that should be continued, which business have strategies that need fine-tuning and which businesses have strategies that need major overhaul
b. That businesses having the greatest competitive strength and positioned in the most attractive industries should have the highest priority for corporate resource allocation and that competitively weak businesses in relatively unattractive industries should have the lowest priority and perhaps even be considered for divestiture
c. Pinpointing what strategies are most appropriate for businesses positioned in the four corners of the matrix (although the matrix reveals little about the best strategies for businesses positioned in the remainder of the matrix
d. None of above

51. In a diversified company, a business subsidiary has more

competitive advantage potential when

a. it is a cash cow
b. It has value chain relationships with other business subsidiaries that present competitively valuable opportunities to transfer skills or technology or intellectual capital from one business to another, combine the performance of related activities and reduce costs, share use of a well- respected brand name or collaborate to create new competitive capabilities
c. It is the company's biggest profit producer or is capable of becoming the biggest
d. All of the above

52. Checking a diversified firm's business portfolio for the competitive advantage potential of cross-business strategic fits entails consideration of

a. Whether the parent's company's competitive advantages are being deployed to maximum advantage in each of its business units
b. Whether the competitive strategies employed in each business act to reinforce the competitive power of the strategies employed in the company's other businesses
c. Whether the competitive strategies in each business possess good strategic fit with the parent company's corporate strategy
d. The extent to which there are competitively valuable relationships between the value chains of sister business units and what opportunities they present to reduce costs, share use of a potent brand name, create competitively valuable new capabilities via cross-business collaboration or transfer skills or technology or intellectual capital from one business to another

53. Which of the following is not a part of checking a diversified company's business units for cross-business competitive advantage potential?

a. Ascertaining the extent to which sister business units have value chain match-ups that offer opportunities to combine the performance of related value chain activities and reduce costs

b. Ascertaining the extent to which sister business units have value chain match-ups that offer opportunities to transfer skills or technology or intellectual capital from one business to another
c. Ascertaining the extent to which sister business units are making maximum use of the parent company's competitive advantages
d. All of the above

54. A diversified company's business units exhibit good resource fit when
a. Each business is a cash cow
b. A company has the resources to adequately support the requirements of its businesses as a group without spreading itself too thin and when individual businesses add to a company's overall strengths
c. Each business is sufficiently profitable to generate an attractive return on invested capital
d. None of the above

55. The businesses in a diversified company's lineup exhibit good resource fit when
a. The resource requirements of each business exactly match the resources the company has available
b. Individual businesses add to a company's resource strengths and when a company has the resources to adequately support the requirements of its businesses as a group without spreading itself too thin
c. Each business is generating just enough cash flow annually to fund its own capital requirements and thus does not require cash infusions from the corporate parent
d. All of the above

56. A "cash hog" type of business
a. Is one that is losing money and requires cash infusions from its corporate parent to continue operations
b. Is one that generates cash flows that are too small to fully fund its operations and growth
c. Generates negative cash flows from internal operations and thus requires cash infusions from its corporate parent to report

a profit
d. All of the above

57. The difference between a "cash-cow" business and a "cash hog" business is that
a. A cash cow business is making money whereas a cash hog business is losing money
b. A cash cow business generates enough profits to pay off long-term debt whereas a cash hog business does not
c. A cash cow business generates positive retained earnings whereas a cash hog business produces negative retained earnings
d. A cash cow business produces large internal cash flows over and above what is needed to build and maintain the business whereas the internal cash flows of a cash hog business are too small to fully fund its operating needs and capital requirements

58. The tests of whether a diversified company's businesses exhibit resource fit do not include
a. Whether the excess cash flows generated by cash cow businesses are sufficient to cover the negative cash flows of its cash hog businesses
b. Whether a business adequately contributes to achieving the corporate parent's performance targets
c. Whether the company has adequate financial strength to fund its different businesses and maintain a healthy credit rating
d. Whether the corporate parent has sufficient cash to fund the needs of its individual businesses and pay dividends to shareholders without having to borrow money

59. Which one of the following is not part of the task of checking a diversified company's business line-up for adequate resource fit?
a. Determining whether the excess cash flows generated by cash cow businesses are sufficient to cover the negative cash flows of its cash hog businesses
b. Determining whether recently acquired businesses are acting to strengthen a company's resource base and competitive capabilities or whether they are causing its competitive and managerial resources to be stretched too thinly across its

businesses (sometimes newly-acquired businesses soak up a disproportionate share of management's time and put a strain on other company resources)

c. Determining whether some business units have value chain match-ups that offer opportunities to transfer skills or technology or intellectual capital from one business to another.
d. All of the above

60. Which one of the following is not a particularly relevant consideration in deciding what the priorities should be for allocating resources to the various businesses of a diversified company?
a. Whether and how corporate resources and capabilities can be used to enhance the competitiveness of particular business units
b. What competitive strategy the business is presently using
c. Whether a business exhibits good strategic fit and resource fit with sister businesses
d. None of the above

61. Which one of the following is the best guideline for deciding what the priorities should be for allocating resources to the various businesses of a diversified company?
a. Businesses with high industry attractiveness ratings should be given top priority and those with low industry attractiveness ratings should be given low priority
b. Business subsidiaries with the brightest profit and growth prospects and solid strategic and resource fits generally should head the list for corporate resource support
c. The positions of each business in the nine-cell attractiveness-strength matrix should govern resource allocation
d. All of the above

62. Which one of the following is not a reasonable option for deploying a diversified company's financial resources?
a. Making acquisitions to establish positions in new businesses or to complement existing businesses
b. Concentrating most of a company's financial resources in cash cow businesses and allocating little or no additional resources to cash hog businesses until they show enough strength to generate

positive cash flows
c. Funding long-range R&D ventures aimed at opening market opportunities in new or existing businesses.
d. None of the above

63. The strategic options to improve a diversified company's overall performance do not include which of the following categories of actions?
a. Broadening the company's business scope by making new acquisitions in new industries
b. Increasing dividend payments to shareholders and/or repurchasing shares of the company's stock
c. Restructuring the company's business lineup and putting a whole new face on the company's business makeup
d. All of the above

64. Once a company has diversified into a collection of related or unrelated businesses and concludes that some strategy adjustments are needed, which one of the following is not one of the main strategy options that a company can pursue?
a. Pursue multinational diversification
b. Restructure the company's business lineup
c. Craft new initiatives to build/enhance the reputation of the company's brand name
d. None of the above

65. Retrenching to a narrower diversification base
a. Is usually the most attractive long-run strategy for a broadly diversified company confronted with recession, high interest rates, mounting competitive pressures in several of its businesses and sluggish growth
b. Has the advantage of focusing a diversified firm's energies on building strong positions in a few core businesses rather the stretching its resources and managerial attention too thinly across many businesses
c. Is an attractive strategy option for revamping a diverse business lineup that lacks strong cross-business financial fit
d. None of the above

66. In which of the following instances is retrenching to a narrower diversification base not likely to be an attractive or advisable strategy for a diversified company?

   a. When a diversified company has struggled to make certain businesses attractively profitable
   b. When a diversified company has too many cash cows
   c. When one or more businesses are cash hogs with questionable long-term potential
   d. All of the above

67. Strategies to restructure a diversified company's business lineup involves

   a. Revamping the value chains of each of a diversified company's businesses
   b. Focusing on restoring the profitability of its money-losing businesses and thereby improving the company's overall profitability
   c. Revamping the strategies of its different businesses, especially those that are performing poorly
   d. Divesting some businesses and acquiring new ones so as to put a new face on a diversified company's business makeup

68. Corporate restructuring strategies

   a. Involve making radical changes in diversified company's business lineup, divesting some businesses and acquiring new ones so as to put a new face on the company's business lineup
   b. Entails reducing the scope of diversification to a smaller number of businesses
   c. Entail selling off marginal businesses to free up resources for redeployment to the remaining businesses
   d. None of the above

69. What sets a multinational diversification strategy apart from other diversification strategies is

   a. The presence of extra degrees of strategic fit and more economies of scope
   b. The potential to have a higher degree of technological expertise
   c. A diversity of businesses and a diversity of national markets

d. All of the above

70. Which of the following is not one of the options that companies have for using the Internet as a distribution channel to access buyers?

a. Establishing a company Web site so as to have an Internet presence
b. Operating a Web site that provides existing and potential customers with extensive product information but that relies on click-throughs to distribution channel partners to handle orders and sales transactions
c. Using online sales at the company's Web site as a relatively minor distribution channel for achieving incremental sales
d. All of the above

71. One very important advantage of a product-information-only Web site strategy is

a. Lower advertising costs and lower customer service costs
b. Avoiding the extra costs associated with operating Web site e-stores
c. Added ability to interest potential buyers in purchasing the company's products
d. Avoiding channel conflict

72. The advantages of a brick-and-click strategy include

a. Being able to attract bargain-hunting shoppers by selling the company's merchandise online at lower prices than in traditional retail stores
b. Being able to offer a much wider product line than is stocked at brick-and- mortar stores
c. Low incremental investments to establish a Web site, the ability to access a wider customer base and the ability to use existing distribution centers and/or company store locations for picking orders from on-hand inventories and making deliveries
d. Option A and C

73. Two big appeals of a brick-and-click strategy are

a. Lower advertising costs and enhanced ability to charge lower prices than rivals
b. Economically expanding a company's geographic reach and giving existing and potential customers another choice of how to communicate with the company, shop for company products, make purchases or resolve customer service problems
c. Low incremental investments to establish a Web site and the ability of customers to use existing company store locations to view and inspect items prior to purchase
d. All of the above

74. A company that elects to use the Internet as its exclusive channel for accessing buyers must address such strategic issues as
a. Whether it will have a broad or narrow product offering
b. How it will deliver unique value to buyers
c. How it will draw traffic to its Web site and then convert page views into revenues
d. All of the above

75. Assuming a company elects to use the Internet as its exclusive channel for accessing buyers, then which of the following is not one of the strategic issues that it will need to address?
a. Whether to pursue a competitive advantage based on low-costs, differentiation or more value for the money
b. How to deliver unique value to buyers
c. How to draw traffic to its Web site and then convert page views into revenues
d. Whether to employ a forward integration strategy

76. In which of the following instances is being a first-mover not particularly advantageous?
a. When a pioneer is using a low-cost provider strategy
b. When buyers are not loyal to pioneering firms in making repeat purchases
c. When a pioneer is pursuing product innovation
d. None of the above

77. Because when to make a strategic move can be just as important as

what move to make, a company's best option with respect to timing is

a. To carefully weigh the first-mover advantages against the first-mover disadvantages and act accordingly
b. To be a fast follower
c. To be a late mover (because it is cheaper and easier to imitate the successful moves of the leaders and moving late allows a company to avoid the mistakes and costs associated with trying to be a pioneer—first-mover disadvantages usually overwhelm first-mover advantages)
d. To be the last-mover—playing catch-up is usually fairly easily and nearly always much cheaper than any other option

78. When the race among rivals for industry leadership is a marathon rather than a sprint,

a. It is best to be a fast follower rather than a first mover or a slow mover
b. Fast followers find it easy to leapfrog the pioneer with even better next- generation products of their own
c. A slow mover may not be unduly penalized and first-mover advantages can be fleeting
d. None of the above

79. First-mover disadvantages arise when

a. The costs of pioneering are much higher than being a follower and only negligible buyer loyalty or cost savings accrue to the pioneer
b. Technological change is rapid and following rivals find it easy to leapfrog the pioneer with next-generation products of their own
c. The pioneer's skills, know-how and products are easily copied or even bested by late movers
d. All of these

80. In which of the following cases are first-mover disadvantages not likely to arise?

a. When the costs of pioneering are much higher than being a follower and only negligible buyer loyalty or cost savings accrue to the pioneer

b. When new infrastructure is needed before market demand can surge
c. When the pioneer's skills, know-how and products are easily copied or even bested by late movers
d. None of the above

81. The task of crafting corporate strategy for a diversified company encompasses
a. Picking the new industries to enter and deciding on the means of entry
b. Initiating actions to boost the combined performance of the businesses the firm has entered
c. Pursuing opportunities to leverage cross-business value chain relationships and strategic fits into competitive advantage
d. All of the above

82. Which one of the following is not one of the elements of crafting corporate strategy for a diversified company?
a. Picking new industries to enter and deciding on the means of entry
b. Choosing the appropriate value chain for each business the company has entered
c. Pursuing opportunities to leverage cross-business value chain relationships and strategic fits into competitive advantage
d. Option C and D

83. Diversification merits strong consideration whenever a single-business company
a. Has integrated backward and forward as far as it can
b. Is faced with diminishing market opportunities and stagnating sales in its principal business
c. Has achieved industry leadership in its main line of business
d. None of the above

84. Diversification ought to be considered when
a. A company's profits are being squeezed and it needs to increase its net profit margins and return on investment
b. A company lacks sustainable competitive advantage in its present business
c. A company begins to encounter diminishing growth

prospects in its mainstay business
d. All of the above

85. Diversification becomes a relevant strategic option in all but which one of the following situations?
a. When a company spots opportunity to expand into industries whose technologies and products complement its present business
b. When a company is only earning a low profit margin in its principal business
c. When a company has a powerful and well-known brand name that can be transferred to the products of other businesses and thereby used as a lever for driving up the sales and profits of such businesses
d. None of the above

86. Diversifying into new businesses is justifiable only if it
a. Results in increased profit margins and bigger total profits
b. Builds shareholder value
c. Helps a company escape the rigors of competition in its present business
d. All of the above

87. To create value for shareholders via diversification, a company must
a. Get into new businesses that are profitable
b. Diversify into industries that are growing rapidly
c. Spread its business risk across various industries by only acquiring firms that are strong competitors in their respective industries
d. Diversify into businesses that can perform better under a single
e. corporate umbrella than they could perform operating as independent, stand-alone businesses

88. The three tests for judging whether a particular diversification move can create value for shareholders are
a. The attractiveness test, the profitability test and the shareholder value test
b. The strategic fit test, the competitive advantage test and the return on investment test

c. The resource fit test, the profitability test and the shareholder value test
d. The attractiveness test, the cost-of-entry test and the better-off test

89. The attractiveness test for evaluating whether diversification into a particular industry is likely to build shareholder value involves determining whether
a. Conditions in the target industry are sufficiently attractive to permit earning consistently good profits and returns on investment
b. The potential diversification move will boost the company's competitive advantage in its existing business
c. Shareholders will view the contemplated diversification move as attractive
d. Option A and B

90. The cost-of-entry test for evaluating whether diversification into a particular industry is likely to build shareholder value involves
a. Determining whether a newly entered business presents opportunities to cost-efficiently transfer competitively valuable skills or technology from one business to another
b. Determining whether the cost to enter the target industry will strain the company's credit rating
c. Considering whether a company's costs to enter the target industry are low enough to preserve attractive profitability or so high that the potentials for good profitability and return on investment are eroded
d. None of the above

91. The better-off test for evaluating whether a particular diversification move is likely to generate added value for shareholders involves
a. Assessing whether the diversification move will make the company better off because it will produce a greater number of core competencies
b. Assessing whether the diversification move will make the company better off by improving its balance sheet strength and

credit rating

c. Assessing whether the diversification move will make the company better off by spreading shareholder risks across a greater number of businesses and industries
d. Evaluating whether the diversification move will produce a 1 + 1 =3 outcome such that the company's different businesses perform better together than apart and the whole ends up being greater than the sum of the parts

92. Acquisition of an existing business is an attractive strategy option for entering a promising new industry because it
a. Is an effective way to hurdle entry barriers, is usually quicker than trying to launch a brand-new start-up operation and allows the acquirer to move directly to the task of building a strong position in the target industry
b. Is less expensive than launching a new start-up operation, thus passing the cost-of-entry test
c. Is a less risky way of passing the attractiveness test
d. None of the above

93. Internal start-up of a new business subsidiary can be a more attractive means of entering a desirable new business than is acquiring an existing firm already in the targeted industry when
a. The costs associated with internal startup are less than the costs of buying an existing company and the company has ample time and adequate resources to launch the new internal start-up business from the ground up
b. There is a small pool of desirable acquisition candidates
c. The target industry is growing rapidly and no good joint venture partners are available
d. Option A and B

94. The most popular strategy for entering new businesses and accomplishing diversification is
a. Forming a joint venture with another company to enter the target industry
b. Internal startup
c. Acquisition of an existing business already in the chosen industry

d. All of the above

95. A company can best accomplish diversification into new industries by
    a. Outsourcing most of the value chain activities that have to be performed in the target business/industry
    b. Acquiring a company already operating in the target industry, creating a new subsidiary internally to compete in the target industry or forming a joint venture with another company to enter the target industry
    c. Integrating forward or backward into the target industry
    d. All of the above

96. Which one of the following is not a factor that makes it appealing to diversify into a new industry by forming an internal start-up subsidiary to enter and compete in the target industry?
    a. When internal entry is cheaper than entry via acquisition
    b. When a company possesses the skills and resources to overcome entry barriers and there is ample time to launch the business and compete effectively
    c. When adding new production capacity will not adversely impact the supply demand balance in the industry by creating oversupply conditions
    d. When the industry is growing rapidly and the target industry is comprised of several relatively large and well-established firms

97. Diversifying into a new industry by forming a new internal subsidiary to enter and compete in the target industry is attractive when
    a. All of the potential acquisition candidates are losing money
    b. It is impractical to outsource most of the value chain activities that have to be performed in the target business/industry
    c. There is ample time to launch the new business from the ground up and entry barriers can be hurdled at acceptable cost
    d. None of the above

98. A joint venture is an attractive way for a company to enter a new industry when

a. A firm is missing some essential skills or capabilities or resources and needs a partner to supply the missing expertise and competencies or fill the resource gaps
b. It needs access to economies of scope and good financial fits in order to be cost-competitive
c. It is uneconomical for the firm to achieve economies of scope on its own initiative
d. All of the above

99. A joint venture is an attractive way for a company to enter a new industry when
a. It needs better access to economies of scope in order to be cost-competitive
b. The industry is growing slowly and adding too much capacity too soon could create oversupply conditions
c. The firm has no prior experience with diversification and the industry is on the verge of explosive growth
d. The opportunity is too risky or complex for a company to pursue alone, a company lacks some important resources or competencies and needs a partner to supply them and/or a company needs a local partner in order to enter a desirable business in a foreign country

100. The essential requirement for different businesses to be "related" is that
a. Their value chains possess competitively valuable cross-business relationships
b. The products of the different businesses are bought by much the same types of buyers
c. The products of the different businesses are sold in the same types of retail stores
d. All of the above

101. Businesses are said to be "related" when
a. They have several key suppliers and several key customers in common
b. Their value chains have the same number of primary activities

c. Their products are both sold through retailers
d. Their value chains possess competitively valuable cross-business relationships that present opportunities to transfer resources from one business to another, combine similar activities and reduce costs, share use of a well-known brand name and/or create mutually useful resource strengths and capabilities

102. Which of the following is the best example of related diversification?
a. An airline firm acquiring a rent-a-car company
b. A greeting card manufacturer deciding to open a chain of stores to retail its lines of greeting cards
c. A manufacturer of ready-to-eat cereals acquiring a producer of cake mixes and baking products
d. None of the above

103. Which of the following is the best example of related diversification?
a. A beer brewer acquiring a maker of aluminum cans
b. A manufacturer of canoes diversifying into the production of tennis rackets
c. A PC producer deciding to diversify into producing and marketing its own brands of MP3 players and LCD TVs
d. Option B and C

104. A big advantage of related diversification is that
a. It offers ways for a firm to realize 1 + 1 = 3 benefits because the value chains of the different businesses present competitively valuable cross- business relationships
b. It is less capital intensive and usually more profitable than unrelated diversification
c. It involves diversifying into industries having the same kinds of key success factors
d. All of the above

105. Which of the following is not one of the appeals of related diversification?
a. It can offer opportunities for transferring expertise, technology and other capabilities from one business to another

b. It can offer opportunities for reducing costs and for leveraging use of a competitively powerful brand name
c. Related diversification is particularly well-suited for the use of offensive strategies and capturing valuable financial fits
d. None of the above

106. Which of the following is an important appeal of a related diversification strategy?
a. Related diversification is an effective way of capturing valuable financial fit benefits
b. Related diversification offers more competitive advantage potential than does unrelated diversification
c. Related diversification offers significant opportunities to strongly differentiate a company's product offerings from those of rivals
d. Option A and B

107. A company pursuing a related diversification strategy would likely address the issue of what additional industries/businesses to diversify into by
a. Locating businesses with well-known brand names and large market shares
b. Identifying industries with the least competitive intensity
c. Identifying an attractive industry whose value chain has good strategic fit with one or more of the firm's present businesses
d. All of the above

108. One strategic fit-based approach to related diversification would be to
a. Diversify into new industries that present opportunities to transfer competitively valuable expertise, technological know-how or other skills/capabilities from one sister business to another
b. Diversify into those industries where the same kinds of driving forces and competitive forces prevail, thus allowing use of much the same competitive strategy in all of the business a company is in
c. Acquire rival firms that have broader product lines so as to give

the company access to a wider range of buyer groups

d. None of the above

109. The best place to look for cross-business strategic fits is
   a. In supply chain activities
   b. In sales and marketing activities
   c. In production and distribution activities
   d. Anywhere along the respective value chains of related businesses—no one place is best

110. Cross-business strategic fits can be found
   a. Only in businesses whose products/services satisfy the same general types of buyer needs and preferences
   b. Mainly in either technology related activities or sales and marketing activities
   c. Chiefly in the R&D portions of the value chains of unrelated businesses
   d. Anywhere along the respective value chains of related businesses

111. Which of the following statements about cross-business strategic fit in a diversified enterprise is not accurate?
   a. Strategic fit between two businesses exists when the management know-how accumulated in one business is transferable to the other
   b. Strategic fit exists when two businesses present opportunities to economize on marketing, selling and distribution costs
   c. Competitively valuable cross-business strategic fits are what enable related diversification to produce a 1 + 1 = 3 performance outcome
   d. Strategic fit is primarily a byproduct of unrelated diversification and exists when the value chain activities of unrelated businesses possess economies of scope and good financial fit

112. Economies of scope
   a. Are cost reductions that flow from operating in multiple businesses
   b. Arise only from strategic fit relationships in the production portions of the value chains of sister businesses

c. Are more associated with unrelated diversification than related diversification
d. All of the above

113. Economies of scope
   a. Stem from the cost-saving efficiencies of operating over a wider geographic area
   b. Have to do with the cost-saving efficiencies of distributing a firm's product through many different distribution channels simultaneously
   c. Stem from cost-saving strategic fits along the value chains of related businesses
   d. None of the above
114. Which of the following best illustrates an economy of scope?
   a. Being able to eliminate or reduce costs by combining related value-chain activities of different businesses into a single operation
   b. Being able to eliminate or reduce costs by performing all of the value chain activities of related sister businesses at the same location
   c. Being able to eliminate or reduce costs by extending the firm's scope of operations over a wider geographic area
   d. All of the above

115. What makes related diversification an attractive strategy is
   a. The ability to broaden the company's product line
   b. The opportunity to convert cross-business strategic fits into competitive advantages over business rivals whose operations don't offer comparable strategic fit benefits
   c. The potential for improving the stability of the company's financial performance
   d. None of the above

116. A strategy of diversifying into unrelated businesses
   a. Is aimed at achieving good financial fit (whereas related diversification aims at good strategic fit)
   b. Is the best way for a company to pass the attractiveness test in choosing which types of businesses/industries to enter

c. Discounts the value and importance of strategic fit benefits and instead focuses on building and managing a group of businesses capable of delivering good financial performance irrespective of the industries these businesses are in
d. All of the above

117. Different businesses are said to be "unrelated" when
a. The products of the different businesses are not bought by the same types of buyers or sold in the same types of retail stores
b. The products of the different businesses satisfy different buyer needs
c. The businesses have different supply chains and different types of suppliers
d. There is an absence of competitively valuable strategic fits between their respective value chains

118. The basic premise of unrelated diversification is that
a. The least risky way to diversify is to seek out businesses that are leaders in their respective industry
b. The best companies to acquire are those that offer the greatest economies of scope rather than the greatest economies of scale
c. The best way to build shareholder value is to acquire businesses with strong cross-business financial fit
d. Any company that can be acquired on good financial terms and that has satisfactory growth and earnings potential represents a good acquisition and a good business opportunity

119. Which of the following is the best example of unrelated diversification?
a. A chain of radio stations acquiring TV stations
b. An electrical equipment manufacturer acquiring an athletic footwear company
c. A producer of canned soups acquiring a maker of breakfast cereals
d. All of the above

120. In companies pursuing a strategy of unrelated diversification,
a. The main basis for competitive advantage and improved shareholder value is increased ability to achieve economies of

scope

b. Each business is on its own in trying to build a competitive edge and the consolidated performance of the businesses is likely to be no better than the sum of what the individual businesses could achieve if they were independent
c. There is a strong chance that the combined competitive advantages of the various businesses will produce a 1 + 1 = 3 performance outcome as opposed to just a 1 + 1 = 2 performance outcome
d. None of the above

121. Which of the following is not likely to command much strategic attention from the top executives of companies pursuing an unrelated diversification strategy?
a. Acquiring new businesses with attractive profit prospects
b. Whether existing businesses should be retained or divested based on their ability to meet corporate targets for profit and returns on investment
c. Looking for new businesses that present good opportunities for achieving economies of scope
d. All of the above

122. Which of the following merits top priority attention by top executives of companies pursuing an unrelated diversification strategy?
a. Acquiring new businesses that utilize much the same technology as existing businesses
b. Whether to keep or divest businesses whose competitive strategies do not match the overall competitive strategy of the corporation
c. Looking for new businesses having attractive distribution-related and customer-related strategic fits with existing businesses
d. Identifying acquisition candidates that are financially distressed, can be acquired at a bargain price and whose operations can, in management's opinion, be turned around with the aid of the parent company's financial resources and managerial know-how

123. With an unrelated diversification strategy, the types of companies that make particularly attractive acquisition targets are

   a. Financially distressed companies with good turnaround potential, undervalued companies that can be acquired at a bargain price and companies that have bright growth prospects but are short on investment capital
   b. Companies offering the biggest potential to reduce labor costs
   c. Cash cow businesses with excellent financial fit
   d. All of the above

124. A key issue in companies pursuing an unrelated diversification strategy is

   a. How wide a net to cast in building a portfolio of unrelated businesses
   b. Whether to keep or divest businesses whose technological approaches do not match the overall technology and R&D strategy of the corporation
   c. How quickly to divest businesses whose competitive strategies do not closely match the competitive strategies of sister businesses
   d. None of the above

125. One of the chief advantages of an unrelated diversification strategy is that it

   a. Expands a firm's competitive advantage opportunities to include a wider array of businesses
   b. Spreads the stockholders' risks across a group of truly diverse businesses
   c. Increases strategic fit opportunities and the potential for a 1 + 1 =3 outcome on the bottom line
   d. All of the above

126. What sets focused (or market niche) strategies apart from low-cost leadership and broad differentiation strategies is

   a. The extra attention paid to top-notch product performance and product quality
   b. Their concentrated attention on serving the needs of buyers in a narrow piece of the overall market
   c. Greater opportunity for competitive advantage
   d. None of the above

127. Companies pursuing a focused low-cost or focused differentiation strategy strive to

a. Build a value-based competitive advantage keyed to product uniqueness
b. Develop the capability to simultaneously serve buyers in a variety of distinct and different market segments
c. Do a better job of serving the needs and expectations of buyers in the target market niche than other competitors in the industry
d. All of the above

128. A focused low-cost strategy seeks to achieve competitive advantage by

a. Delivering more value for the money than other competitors
b. Performing the primary value chain activities at a lower cost per unit than can the industry's low-cost leaders
c. Dominating more market niches in the industry via a lower cost and a lower price than any other rival
d. Serving buyers in the target market niche at a lower cost and lower price than rivals

129. The chief difference between a low-cost leader strategy and a focused low- cost strategy is

a. Whether the product is strongly differentiated or weakly differentiated from rivals
b. The degree of bargaining power that buyers have
c. The size of the buyer group that a company is trying to appeal to
d. Option A and B

130. A focused differentiation strategy aims at securing competitive advantage

a. By providing niche members with a top-of-the-line product at a premium price
b. By catering to buyers looking for an upscale product at an attractively low price
c. With a product offering carefully designed to appeal to the unique preferences and needs of a narrow, well-defined

group of buyers
d. All of the above

131. A focused low-cost strategy can lead to attractive competitive advantage when
  a. Buyers are looking for a budget-priced product
  b. Buyers are price sensitive and are attracted to brands with low switching costs
  c. Demand in the target market niche is growing rapidly and a company can achieve a big enough volume to fully capture all the available scale economies
  d. A firm can lower costs significantly by limiting its customer base to a well-defined buyer segment; its two options for achieving a low-cost advantage are (1) out-managing rivals in controlling the factors that drive costs and (2) reconfiguring its value chain in ways that deliver a cost edge over rivals

132. The chief difference between a broad differentiation strategy and a focused differentiation is
  a. The size of the buyer group that a company is trying to appeal to
  b. The degree of bargaining power that buyers have
  c. Whether the product is strongly differentiated or weakly differentiated from rivals
  d. All of the above

133. Which one of the following does not represent market circumstances that make a focused low-cost or focused differentiation strategy attractive?
  a. When the industry has many different segments and market niches, thereby allowing a focuser to pick an attractive niche suited to its resource strengths and capabilities
  b. When industry leaders do not see that having a presence in the niche is crucial to their own success
  c. When the target market niche is not overcrowded with a number of other rivals attempting to focus on the same niche
  d. When buyers are not strongly brand loyal and most industry competitors are pursuing some sort of a focused strategy

134. The risks of a focused strategy based on either low-cost or differentiation include

a. The potential for the preferences and needs of niche members to shift over time towards many of the same product attributes and capabilities desired by buyers in the mainstream portion of the market
b. The potential for the segment to become so attractive that it is soon inundated with competitors, intensifying rivalry and splintering sales, profits and growth prospects
c. The potential for segment growth to slow to such a small rate that a focuser's prospects for future sales and profit gains become unacceptably dim
d. All of these

135. The production emphasis of a company pursuing a broad differentiation strategy usually involves

a. A search for continuous cost reduction without sacrificing acceptable quality and essential features
b. Strong efforts to be a leader in manufacturing process innovation
c. Efforts to build-in whatever differentiating features that buyers are willing to pay for and striving for product superiority
d. None of the above

136. The marketing emphasis of a company pursuing a broad differentiation strategy usually is to

a. Underprice rival brands with comparable features
b. Tout differentiating features and charge a premium price that more than covers the extra costs of differentiating features
c. Out-advertise rivals and make frequent use of discount coupons
d. All of the above

137. The marketing emphasis of a company pursuing a focused low-cost provider strategy usually is to

a. Tout the company's lower prices
b. Tout the lack of frills and extras
c. Out-advertise rivals and make frequent use of discount coupons

d. Communicate the attractive features of a budget-priced product offering that fits niche members' expectations

138. One of the big dangers in crafting a competitive strategy is that managers, torn between the pros and cons of the various generic strategies, will opt for
   a. A low-cost provider strategy because it is usually the safest, least risky competitive strategy
   b. A "stuck-in-the-middle" strategy
   c. A broad differentiation strategy because it is frequently the most profitable competitive strategy
   d. All of the above

139. Once a company has decided to employ a particular generic competitive strategy, then it must make such additional strategic choices as
   a. Whether to enter into strategic alliances or collaborative partnerships
   b. Whether and when to employ offensive and defensive moves
   c. What type of Web site strategy to employ?
   d. one of the above

140. Which one of the following is not a strategic choice that a company must make to complement and supplement its choice of one of the five generic competitive strategies?
   a. Whether to enter into strategic alliances or collaborative partnerships
   b. Whether and when to employ offensive and defensive moves
   c. Whether to employ a market share leadership strategy
   d. All of the above

141. Strategic alliances
   a. Are the cheapest means of developing new technologies and getting new products to market quickly?
   b. Are collaborative arrangements where two or more companies join forces to achieve mutually beneficial strategic outcomes
   c. Are a proven means of reducing the costs of performing

value chain activities
d. All of the above

142. A strategic alliance
   a. Is a collaborative arrangement where companies join forces to defeat mutual competitive rivals
   b. Involves two or more companies joining forces to pursue vertical integration
   c. Is a formal agreement between two or more companies in which there is strategically relevant collaboration of some sort, joint contribution of resources, shared risk, shared control and mutual dependence
   d. None of the above

143. Entering into strategic alliances and collaborative partnerships can be competitively valuable because
   a. Working closely with outsiders is essential in developing new technologies and new products in virtually every industry
   b. Cooperative arrangements with other companies are very helpful in racing against rivals to build a strong global presence and/or racing to seize
   c. opportunities on the frontiers of advancing technology
   d. They represent highly effective ways to achieve low-cost leadership and capture first-mover advantages
   e. All of the above

144. The best strategic alliances
   a. Are highly selective, focusing on particular value chain activities and on obtaining a particular competitive benefit
   b. Are those whose purpose is to create an industry key success factor
   c. Are those which help a company move quickly from one strategic group to another
   d. All of the above

145. Companies racing against rivals for global market leadership need strategic alliances and collaborative partnerships with companies in foreign countries in order to
   a. Combat the bargaining power of foreign suppliers and help defend against the competitive threat of substitute products

produced by foreign rivals
b. Help raise needed financial capital from foreign banks and use the brand names of their partners to make sales to foreign buyers
c. Get into critical country markets quickly and accelerate the process of building a potent global presence, gain inside knowledge about unfamiliar markets and cultures and access valuable skills and competencies that are concentrated in particular geographic locations
d. None of the above

146. A company racing to seize opportunities on the frontiers of advancing technology often utilizes strategic alliances and collaborative partnerships in order to
a. Discourage rival companies from merging with or acquiring the very companies that it is partnering with
b. Reduce overall business risk and raise entry barriers into the newly emerging industry
c. Help master new technologies and build new expertise and competencies faster than would be possible through internal efforts, establish a stronger beachhead for participating in the target industry and open up broader opportunities in the target industry by melding their capabilities with the resources and expertise of partners
d. All of the above

147. Which of the following is not a typical reason that many alliances prove unstable or break apart?
a. Diverging objectives and priorities
b. An inability to work well together
c. The emergence of more attractive technological paths that are better pursued alone or with other partners
d. Disagreement over how to divide the profits gained from joint collaboration

148. Experience indicates that strategic alliances
a. Are generally successful
b. Work well in cooperatively developing new technologies and

new products but seldom work well in promoting greater supply chain efficiency
c. Work best when they are aimed at achieving a mutually beneficial competitive advantage for the allies
d. Have a high "divorce rate."

149. Which of the following is not a factor that makes an alliance "strategic" as opposed to just a convenient business arrangement?
a. The alliance helps block a competitive threat
b. The alliance helps open up important new market opportunities
c. The alliance helps build, enhance or sustain a core competence or competitive advantage
d. The alliance helps the company obtain additional financing on better credit terms

150. The Achilles heel (or biggest disadvantage/danger/pitfall) of relying heavily on alliances and cooperative strategies is
a. That partners will not fully cooperate or share all they know, preferring instead to guard their most valuable information and protect their more valuable know-how
b. Becoming dependent on other companies for essential expertise and capabilities
c. The added time and extra expenses associated with engaging in collaborative efforts
d. None of the above

151. Which of the following is not one of the factors that affects whether a strategic alliance will be successful and realize its intended benefits?
a. Picking a good partner
b. Recognizing that the alliance must benefit both sides
c. Minimizing the amount of resources that the partners commit to the alliance
d. All of the above

152. Which one of the following is not a strategically beneficial reason why a company may enter into strategic partnerships or cooperative arrangements with key suppliers, distributors or makers of

complementary products?

a. To improve access to new markets
b. To expedite the development of promising new technologies or products
c. To enable greater vertical integration
d. All of the above

153. The competitive attraction of entering into strategic alliances and collaborative partnerships is

a. In allowing companies to bundle competencies and resources that are more valuable in a joint effort than when kept separate
b. Speeding new products to market more quickly
c. Enabling greater vertical integration
d. None of the above

154. The difference between a merger and an acquisition is that

a. A merger involves one company purchasing the assets of another company with cash, whereas an acquisition involves a company acquiring another company by buying all of the shares of its common stock
b. A merger is a pooling of equals whereas an acquisition involves one company, the acquirer, purchasing and absorbing the operations of another company, the acquired
c. In a merger the companies retain their original names whereas in an acquisition the name of the company being acquired is changed to be the name of the acquiring company
d. All of the above

155. Which of the following is not a typical strategic objective or benefit that drives mergers and acquisitions?

a. To gain quick access to new technologies or other resources and capabilities
b. To create a more cost-efficient operation out of the combined companies
c. To expand a company's geographic coverage
d. To facilitate a company's shift from a broad differentiation strategy to a focused differentiation strategy

156. Mergers and acquisitions are often driven by such strategic objectives as to
   a. Expand a company's geographic coverage or extend its business into new product categories
   b. Reduce the number of industry key success factors
   c. Reduce the number of strategic groups in the industry
   d. All of the above

157. Merger and acquisition strategies
   a. Are nearly always a superior strategic alternative to forming alliances or partnerships with these same companies
   b. May offer considerable cost-saving opportunities (perhaps helping to transform otherwise high-cost companies into a competitor with average or below-average costs) and can also be beneficial in helping a company try to invent a new industry and lead the convergence of industries whose boundaries are being blurred by changing technologies and new market opportunities
   c. Are a particularly effective way of pursuing a blue ocean strategy and outsourcing strategies
   d. None of the above

158. Mergers and acquisitions
   a. Are nearly always successful in achieving their desired purpose
   b. Frequently do not produce the hoped-for outcomes
   c. Are generally less effective than forming alliances or partnerships with these same companies
   d. All of the above

159. Vertical integration strategies
   a. Extend a company's competitive scope within the same industry by expanding its operations across more parts of the industry value chain
   b. Are one of the best strategic options for helping companies win the race for global market leadership
   c. Offer good potential to expand a company's lineup of products and services
   d. None of the above

160. The two best reasons for investing company resources in

vertical integration (either forward or backward) are to

a. Expand into foreign markets and/or control more of the industry value chain
b. Broaden the firm's product line and/or avoid the need for outsourcing
c. Enable use of offensive strategies and/or gain a first mover advantage over rivals in revamping the industry value chain
d. Strengthen the company's competitive position and/or boost its profitability

161. For backward vertical integration into the business of suppliers to be a viable and profitable strategy, a company

a. Must first be a proficient manufacturer
b. Must be able to achieve the same scale economies as outside suppliers and match or beat suppliers' production efficiency with no drop-off in quality
c. Must have excess production capacity, so that it has ample in-house ability to undertake additional production activities
d. All of the above

162. The strategic impetus for forward vertical integration is to

a. Gain better access to end users and better market visibility
b. Achieve the same scale economies as wholesale distributors and/or retail dealers
c. Control price at the retail level
d. None of the above

163. Which of the following is typically the strategic impetus for forward vertical integration?

a. Being able to control the wholesale/retail portion of the industry value chain
b. Fewer disruptions in the delivery of the company's products to end-users
c. Gaining better access to end users and better market visibility
d. All of the above

164. A good example of vertical integration is

a. A global public accounting firm acquiring a small local or regional public accounting firm

b. A large supermarket chain getting into convenience food stores
c. A crude oil refiner purchasing a firm engaged in drilling and exploring for oil
d. None of the above

165. Which of the following is not a potential advantage of backward vertical integration?
a. Reduced vulnerability to powerful suppliers (who may be inclined to raise prices at every opportunity)
b. Reduced risks of disruptions in obtaining crucial components or support services
c. Reduced costs
d. Reduced business risk because of controlling a bigger portion of the overall industry value chain

166. Which of the following is not a strategic disadvantage of vertical integration?
a. Vertical integration boosts a firm's capital investment in the industry, thus increasing business risk if the industry becomes unattractive later
b. Vertical integration backward into parts and components manufacture can impair a company's operating flexibility when it comes to changing out the use of certain parts and components
c. Vertical integration reduces the opportunity for achieving greater product differentiation
d. All of the above

167. Outsourcing strategies
a. Carry the substantial risk of raising a company's costs
b. Carry the substantial risk of making a company overly dependent on its suppliers
c. Increase a company's risk exposure to changing technology and/or changing buyer preferences
d. Involve farming out value chain activities presently performed in-house to outside specialists and strategic allies

168. Outsourcing the performance of value chain activities presently performed in-house to outside vendors and suppliers makes strategic

sense when

a. It allows a company to focus its entire energies on those activities that are at the center of its expertise (its core competencies) and that are most critical to its competitive and financial success
b. Outsourcing won't adversely hollow out the company's technical know-how, competencies or capabilities
c. It reduces the company's risk exposure to changing technology and/or changing buyer preferences
d. All of these

169. The two big drivers of outsourcing are
a. Increased ability to cut R&D expenses and increased ability to avoid the problems of strategic alliances
b. A desire to take advantage of the fact that outsiders can perform certain activities better or cheaper and allowing a company to focus its entire energies on those activities that are at the center of its expertise (its core competencies) and that are most critical to its competitive and financial success
c. A desire to reduce the company's investment in fixed assets and the need to narrow the scope of the company's in-house competencies and competitive capabilities
d. None of the above

170. Which of the following is not one of the benefits of outsourcing value chain activities presently performed in-house?
a. Streamlining company operations in ways that improve organizational flexibility and cut the time it takes to get new products into the marketplace
b. Allowing a company to concentrate on its core business, leverage its key resources and do even better what it already does best
c. Helping the company assemble diverse kinds of expertise speedily and efficiently
d. Preventing a company from hollowing out its technical know-how, competencies or capabilities

171. Relying on outsiders to perform certain value chain activities offers such strategic advantages as

a. Obtaining higher quality and/or cheaper components or services
b. Improving the company's ability to innovate by allying with "best-in-world" suppliers
c. Reducing the company's risk exposure to changing technology and/or changing buyer preferences
d. Increasing the firm's ability to assemble diverse kinds of expertise speedily and efficiently
e. All of the above

172. Outsourcing strategies can offer such advantages as
a. Increasing a company's ability to strongly differentiate its product and be successful with either a broad differentiation strategy or a focused differentiation strategy
b. Obtaining higher quality and/or cheaper components or services, improving a company's ability to innovate and reducing its risk exposure
c. Speeding a company's entry into foreign markets
d. None of the above

173. The big risk of employing an outsourcing strategy is
a. Causing the company to become partially integrated instead of being fully integrated
b. Hollowing out a firm's own capabilities and losing touch with activities and expertise that contribute fundamentally to the firm's competitiveness and market success
c. Hurting a company's R&D capability
d. All of the above

174. Which of the following is not one of the principal offensive strategy options?
a. Leapfrogging competitors by being the first adopter of next-generation technologies
b. Offering an equally good or better product at a lower price
c. Blocking the avenues open to challengers
d. None of the above

175. Which one of the following is an example of an offensive strategy?
a. Blocking the avenues open to challengers

b. Signaling challengers that retaliation is likely
c. Pursuing continuous product innovation to draw sales and market share away from less innovative rivals
d. All of the above

176. A blue ocean type of offensive strategy
a. Is an offensive attack used by a market leader to steal customers away from unsuspecting smaller rivals?
b. Involves a preemptive strike to secure an advantageous position in a fast- growing market segment
c. Works best when a company is the industry's low-cost leader
d. Involves abandoning efforts to beat out competitors in existing markets and, instead, inventing a new industry or new market segment that renders existing competitors largely irrelevant and allows a company to create and capture altogether new demand

177. A hit-and-run or guerilla warfare type of offensive strategy involves
a. Undertaking surprise moves to secure an advantageous position in a fast- growing and profitable market segment; usually the guerilla signals rivals that it will use deep price cuts to defend its newly-won position
b. Work best if the guerilla is the industry's low-cost leader
c. Pitting a small company's own competitive strengths head-on against the strengths of much larger rivals
d. Random raids by a small competitor to grab sales and market share from complacent or distracted rivals

178. Launching a preemptive strike type of offensive strategy entails
a. Cutting prices below a weak rival's costs
b. Moving first to secure an advantageous position that rivals are prevented or discouraged from duplicating
c. Using hit-and-run tactics to grab sales and market share away from complacent or distracted rivals
d. All of the above

179. Which one of the following statements about offensive strategies is false?
a. It often takes the use of successful offensive strategies

to build to competitive advantage

b. One situation when a company needs to use offensive strategies is when it has no choice but to try to whittle away at a strong rival's competitive advantage
c. Offensive strategies have much to recommend when a company sees an opening to gain profitable market share at the expense of rivals
d. One of the most potent types of offensive strategy is to introduce new features or models to fill vacant niches in a company's overall product offering and thereby better match the product offerings of key rivals

180. Which one of the following is not a trait of a good strategic offensive?
a. Trying to build a more cost-efficient supply chain than rivals have
b. Being impatient with the status quo and displaying a strong bias for swift, decisive actions to boost a company's competitive position vis-à-vis rivals
c. Applying resources where rivals are least able to defend themselves
d. None of the above

181. Which one of the following is not a good type of rival for an offensive- minded company to target?
a. Market leaders that are vulnerable
b. Runner-up firms with weaknesses in areas where the challenger is strong
c. Small local and regional companies with limited capabilities
d. Other offensive-minded companies with a sizable war chest of cash and marketable securities

182. Which one of the following statements regarding the basis for offensive attack on rivals is false?
a. Ignoring the need to tie a strategic offensive to a company's strengths is like going to war with a popgun
b. Strategic offensives should, as a general rule, be predicated on leveraging a company's competitive assets—its core competencies, competitive capabilities and other resource

strengths
c. Offensive initiatives aimed at exploiting the competitive weaknesses of rivals stand a better chance of success than do those that challenge a competitor's strengths
d. Attacking a market leader is always unwise

183. The purposes of defensive strategies are to
a. Aggressively retaliate against rivals pursuing offensive strategies and prevent against price wars
b. Lower the risk of being attacked by rivals, weaken the impact of any attack that occurs and influence challengers to aim their offensive efforts at other rivals
c. Guard against adverse changes in the company's macro-environment and insulate the company from the impact of industry driving forces
d. All of the above

184. Which one of the following is not a defensive option for protecting a company's market share and competitive position?
a. Adding new features or models and otherwise broadening the product line to close off vacant niches and gaps to opportunity-seeking challengers
b. Thwarting the efforts of rivals to attack with lower prices by maintaining economy-priced options of its own
c. Running comparison ads that call attention to weaknesses in rivals' products
d. All of the above

185. Which of the following is a potential defensive move to ward off challenger firms?
a. Signaling challengers that retaliation is likely in the event they launch an attack
b. Lengthening warranties, offering free or low-cost training and support services and providing coupons and sample giveaways to buyers most prone to experiment with using rival brands
c. Maintaining a war chest of cash and marketable securities
d. All of these

186. A company's competitive strategy deals with

   a. Management's game plan for competing successfully—the specific efforts to please customers, offensive and defensive moves to counter the maneuvers of rivals, the reactions and responses to whatever market conditions prevail at the moment and the initiatives undertaken to improve the company's market position
   b. What its strategy will be in such functional areas as R&D, production, sales and marketing, distribution, finance and accounting and so on
   c. Its efforts to change its position on the industry's strategic group map
   d. All of the above

187. The objective of competitive strategy is to

   a. Contend successfully with the industry's 5 competitive forces
   b. Knock the socks off rival companies by doing a better job of satisfying buyer needs and preferences
   c. Get the company into the best strategic group and then dominate it
   d. None of the above

188. A company achieves competitive advantage whenever

   a. It is the industry's acknowledged technology leader
   b. It has greater financial resources than its rivals
   c. It has a well-known and well-regarded brand name, prefers offensive strategies to defensive strategies and has a strong balance sheet
   d. It has some type of edge over rivals in attracting customers and coping with competitive forces

189. A company can be said to have competitive advantage if

   a. It is the acknowledged leader in product quality
   b. It has a different value chain than rivals
   c. It has some type of edge over rivals in attracting customers and coping with competitive forces
   d. None of the above

190. While there are many routes to competitive advantage, they all involve

   a. Building a brand name image that buyers trust

   b. Delivering superior value to buyers and building competencies and resource strengths in performing value chain activities that rivals cannot readily match
   c. Achieving lower costs than rivals and becoming the industry's sales and market share leader
   d. All of the above

191. The biggest and most important differences among the competitive strategies of different companies boil down to
   a. How they go about building a brand name image that buyers trust and whether they are a risk-taker or risk-avoider
   b. The different ways that companies try to cope with the five competitive forces
   c. Whether a company's market target is broad or narrow and whether the company is pursuing a competitive advantage linked to low cost or differentiation
   d. All of the above

192. Which of the following is not one of the five generic types of competitive strategy?
   a. A broad differentiation strategy
   b. A best-cost provider strategy
   c. A focused low-cost provider strategy
   d. A market share dominator strategy

193. The generic types of competitive strategies include
   a. Build market share, maintain market share and slowly surrender market share
   b. Offensive strategies and defensive strategies
   c. Low-cost provider, broad differentiation, best-cost provider, focused low-cost and focused differentiation.
   d. All of the above

194. Which one of the following generic types of competitive strategy is typically the best strategy for a company to employ?
   a. A broad differentiation strategy
   b. A best-cost provider strategy

c. A focused low-cost provider strategy
d. There is no such thing as a "best" competitive strategy; a company's "best" strategy is always one that is customized to fit both industry and competitive conditions and the company's own resources and competitive capabilities

195. A low-cost leader's basis for competitive advantage is
a. Lower prices than rival firms
b. Using a low cost/low price approach to gain the biggest market share
c. High buyer switching costs
d. Meaningfully lower overall costs than competitors

196. How valuable a low-cost leader's cost advantage is depends on
a. Whether it is easy or inexpensive for rivals to copy the low-cost leader's methods or otherwise match its low costs
b. How easy it is for the low-cost leader to gain the biggest market share
c. The aggressiveness with which the low-cost leader pursues converting the cost advantage into the absolute lowest possible costs
d. All of the above

197. A low-cost leader can translate its low-cost advantage over rivals into superior profit performance by
a. Cutting its price to levels significantly below the prices of rivals
b. Either using its low-cost edge to underprice competitors and attract price sensitive buyers in large enough numbers to increase total profits or refraining from price-cutting and using the low-cost advantage to earn a bigger profit margin on each unit sold
c. Going all out to use its cost advantage to capture a dominant share of the market
d. Option C and D

198. The major avenues for achieving a cost advantage over rivals include
a. Revamping the firm's value chain to eliminate or bypass some cost- producing activities and/or out-managing rivals in the efficiency with which value chain activities are

performed

b. Having a management team that is highly skilled in cutting costs
c. Being a first-mover in adopting the latest state-of-the-art technologies, especially those relating to low-cost manufacture
d. None of the above

199. A competitive strategy of striving to be the low-cost provider is particularly attractive when
a. Buyers are not very brand-conscious
b. Most rivals are trying to be best-cost providers
c. There are many ways to achieve product differentiation that have value to buyers
d. Buyers are large and have significant power to bargain down prices; buyers use the product in much the same ways; and buyers have low switching costs

200. Which of the following is not an action that a company can take to do a better job than rivals of performing value chain activities more cost- effectively?
a. Striving to capture all available economies of scale and learning/experience curve effects
b. Trying to operate facilities at full capacity
c. Adopting labor-saving operating methods
d. Outsourcing all production-related activities

201. Which of the following is not one of the ways that a company can achieve a cost advantage by revamping its value chain?
a. Cutting out distributors and dealers by selling direct to customers
b. Replacing certain value chain activities with faster and cheaper online technology
c. Increasing production capacity and then striving hard to operate at full capacity
d. All of the above

202. To succeed with a low-cost provider strategy, company managers have to
a. Pursue backward or forward integration to detour suppliers or

buyers with considerable bargaining power and leverage

b. Move the performance of most all value chain activities to low- wage countries
c. Sell direct to users of their product or service and eliminate use of wholesale and retail intermediaries
d. Do two things: (1) do a better job than rivals of pursuing cost
    i. savings throughout the value chain and (2) be proactive in revamping the firm's overall value chain to eliminate low value-added activities and bypass "nonessential" cost-producing activities

203. Achieving a cost advantage over rivals entails
a. Concentrating on the primary activities portion of the value chain and outsourcing all support activities
b. Being a first-mover in pursuing backward and forward integration and controlling as much of the industry value chain as possible
c. Out-managing rivals in performing value chain activities cost-effectively and finding creative ways to cut cost-producing activities out of the value chain
d. None of the above

204. The best evidence that a company is the industry's low-cost provider is that
a. It sells more of its product/service than its key competitors and is the market share leader
b. It has lower overall per unit costs for its product/service than other competitors in the industry
c. It has lower total operating costs on its income statement than do its competitors
d. All of the above

205. A company pursuing a low-cost leadership strategy must generally
a. Have products with good-to-excellent attributes so that its low prices will provide customers with more value for the money
b. Have acceptable quality products that incorporate a good basic

design with few frills and offer a limited number of models/styles to select from
c. Have a wide selection of products that are of average or better quality
d. None of the above

206. Being the overall low-cost provider in an industry has the attractive advantage of
a. Building strong customer loyalty and locking customers into its product (because customers have such high switching costs)
b. Giving the firm a very appealing brand image
c. Putting a firm in position to compete offensively on the basis of low price, win the business of price sensitive customers, set the floor on market price and defend against price war conditions should they arise
d. None of the above

207. A competitive strategy to be the low-cost provider in an industry works well when
a. There are few ways to achieve product differentiation that have value to buyers
b. Buyers incur low costs in switching their purchases from one seller/brand to another
c. Industry newcomers use low introductory prices to attract buyers and build a customer base
d. All of these

208. A competitive strategy predicated on low-cost leadership tends to work best when
a. There are widely varying needs and preferences among the various buyers of the product or service
b. There are many market segments and market niches, such that it is feasible for a low-cost leader to dominate the niche where buyers want a budget-priced product
c. Price competition is especially vigorous and the offerings of rival firms are essentially identical, standardized, commodity-like products

d. All of the above

209. In which of the following circumstances is a strategy to be the industry's overall low-cost provider not particularly well matched to the market situation?
   a. When the offerings of rival firms are essentially identical, standardized, commodity-like products
   b. When there are few ways to achieve differentiation that have value to buyers
   c. When price competition is especially vigorous
   d. When buyers have widely varying needs and special requirements and the prices of substitute products are relatively high

210. A strategy to be the industry's overall low-cost provider tends to be more appealing than a differentiation or best-cost or focus/market niche strategy when
   a. There are many ways to achieve product differentiation that buyers find appealing
   b. Buyers use the product in a variety of different ways and have high switching costs in changing from one seller's product to another
   c. The offerings of rival firms are essentially identical, standardized, commodity-like products
   d. None of the above

211. In which of the following circumstances is a low-cost leadership strategy not likely to be particularly successful?
   a. When the industry's product is a standardized commodity
   b. When buyers are looking for a good-to-excellent product at a bargain price
   c. When the industry is composed of more than three strategic groups and the companies in at least one of the groups are pursuing full vertical integration strategies
   d. All of the above

212. Which of the following is not one of the pitfalls of a low-cost provider strategy?
   a. Overly aggressive price-cutting

b. Trying to set the industry's price ceiling
c. Not emphasizing avenues of cost advantage that can be kept proprietary or that relegate rivals to playing catch up
d. All of above

213. The essence of a broad differentiation strategy is to
a. Incorporate a greater number of differentiating features into its product/service than rivals
b. Lower buyer switching costs
c. Outspend rivals on advertising and promotion in order to inform and convince buyers of the value of its differentiating attributes
d. Be unique in ways that are valuable and appealing to a wide range of buyers

214. A broad differentiation strategy improves profitability when
a. It is focused on product innovation
b. Differentiating enhances product performance
c. The differentiating features appeal to sophisticated and prestigious buyers
d. Unit sales increase and the extra price the product commands exceed the added costs of achieving the differentiation

215. Whether a broad differentiation strategy ends up enhancing company profitability depends mainly on whether
a. Many buyers view the product's differentiating features as having value
b. Most buyers have similar needs and use the product in the same ways
c. Unit sales increase and the extra price the product commands exceed the added costs of achieving the differentiation
d. All of the above

216. Using a broad differentiation strategy to produce an attractive competitive advantage is least likely to be based on
a. Offering buyers, a product which is superior in quality and reliability as compared to rivals' brands
b. Giving consumers comprehensive support services
c. Providing buyers with a continuing stream of better-

designed, better- performing and more stylish products
d. Undercutting the prices being charged by rivals

217. Opportunities to differentiate a company's product offering
a. Are most reliably found in the R&D portion of the value chain
b. Are typically located in the sales and marketing portion of the value chain
c. Can exist in activities all along an industry's value chain
d. None of the above

218. Easy-to-copy differentiating features
a. Cannot produce sustainable competitive advantage
b. Seldom are perceived by buyers as having much value
c. Tend to give buyers a high degree of power in bargaining for a lower price
d. All of the above

219. The most appealing approaches to differentiation are
a. Those that are the costliest to incorporate (because expensive attributes are perceived by buyers as more valuable and worth paying more for)
b. Those that can be made even more attractive to buyers via clever advertising
c. Generally related to flavor and taste or sophisticated use of Internet technology applications
d. Those that are hard or expensive for rivals to duplicate and that also have considerable buyer appeal

220. Perceived value and signaling value are often an important part of a successful differentiation strategy because
a. Of the diversity of buyer needs and preferences
b. Buyers seldom will pay for value they don't perceive, no matter how real the value of the differentiating extras may be
c. Most buyers are heavily influenced by clever ads that signal value
d. All of the above

221. A differentiation-based competitive advantage
a. Most usually is the result of highly effective marketing and advertising

b. Requires developing at least one distinctive competence that buyers consider valuable
c. Hinges on a company's success in developing top-of-the-line product features that will command the biggest price premium in the industry
d. Often hinges on incorporating features that (1) raise the performance of the product or (2) lower the buyer's overall costs of using the company's product or (3) enhance buyer satisfaction in intangible or non-economic ways

222. Which of the following is not one of the four basic routes to achieving a differentiation-based competitive advantage?
a. Delivering value to customers via competencies and competitive capabilities that rivals don't have or can't afford to match
b. Incorporating features that raise product performance
c. Incorporating product attributes and user features that lower the buyer's overall costs of using the company's product
d. Appealing to buyers who are sophisticated and shop hard for the best, stand-out differentiating attributes

223. Achieving a differentiation-based competitive advantage can involve
a. Incorporating features that raise the performance a buyer gets from using the product
b. Incorporating features that enhance buyer satisfaction in non-economic or intangible ways
c. Delivering value to customers via competencies and competitive capabilities that rivals don't have or can't afford to match
d. All of the above are viable ways of building competitive advantage via differentiation

224. Which of the following is not one of the pitfalls of pursuing a differentiation strategy?
a. Trying to strongly differentiate the company's product from those of rivals rather than be content with weak product differentiation
b. Over-differentiating so that the features and attributes

incorporated exceed buyer needs and requirements

c. Trying to charge too high a price premium for the differentiating feature.
d. All of the above

225. A company achieves best-cost provider status by
a. Selling a product with the best cost at the best price
b. Having the best cost (as compared to rivals) for each activity in the industry's value chain
c. Providing buyers with the best attributes at the best cost
d. Incorporating attractive or upscale attributes into its product offering at a lower cost than rivals

226. A firm pursuing a best-cost provider strategy
a. Seeks to be the low-cost provider in the largest and fastest growing (or best) market segment
b. Tries to have the best cost (as compared to rivals) for each activity in the industry's value chain
c. Tries to outcompete a low-cost provider by attracting buyers on the basis of charging the best price
d. Seeks to deliver superior value to buyers by satisfying their expectations on key quality/service/features/performance attributes and beating their expectations on price (given what rivals are charging for much the same attributes)

227. Best-cost provider strategies
a. Aim at using the best operating practices to achieve lower costs and charge lower prices than companies pursuing low-cost provider strategies
b. Involve charging a lower price for a product that has more upscale attributes and features than the products offered by companies pursuing either focused differentiation or broad differentiation strategies
c. Seek to attract buyers on the basis of charging the best price for a mid- quality, average-performing product
d. Aim at giving customers more value for the money thereby achieving a value-based competitive advantage

228. The competitive advantage of a best-cost provider is

a. Having the best value chain in the industry
b. Its brand name reputation
c. Its capability to incorporate upscale attributes at lower costs than rivals whose products have similar upscale attributes
d. All of the above

229. The target market of a best-cost provider is
a. Value-conscious buyers
b. Brand-conscious buyers
c. Price-sensitive buyers
d. None of the above

230. Best-cost provider strategies are appealing in those market situations where
a. Diverse buyer preferences make product differentiation the norm and where many buyers are sensitive to both price and value
b. A company is positioned between competitors who have ultra-low prices and competitors who have top-notch products in terms of both quality and performance
c. Buyers are more quality-conscious than price-conscious
d. All of the above

231. The big danger or risk of a best-cost provider strategy is
a. That buyers will be highly skeptical about paying a relatively low price for upscale attributes/features
b. Not establishing strong alliances and partnerships with key suppliers
c. That low-cost leaders will be able to steal away some customers on the basis of a lower price and high-end differentiators will be able to steal away customers with the appeal of better product attributes
d. All of the above

232. A company's biggest vulnerability in employing a best-cost provider strategy is
a. Relying too heavily on outsourcing
b. Getting squeezed between the strategies of firms employing low-cost provider strategies and high-end differentiation

strategies

c. Getting trapped in a price war with low-cost leader
d. None of the above

233. Focused strategies keyed either to low-cost or differentiation are especially appropriate for situations where

a. The market is composed of distinctly different buyer groups who have different needs or use the product in different ways
b. Most other rival firms are using a best-cost producer strategy
c. Buyers have strong bargaining power and entry barriers are low
d. Option A and D

234. Many, if not most, organizations pursue a:

a. concentric diversification.
b. combination strategy.
c. geographic strategy.
d. product development strategy

235. An example of______strategy is establishing Web sites to sell products directly to consumers.

a. forward integration
b. backward integration
c. vertical integration
d. all of above

236. Which of the following is not a guideline for pursuing liquidation?

a. When divestiture has not been successful.
b. When an organization's only alternative is bankruptcy.
c. When the stockholders of the firm can minimize their losses by selling the firm's assets.
d. When the organization has successfully pursued retrenchment.

237. Colleen invested a dollar in the Powerball Lottery and won $60 million. Subsequently, she decides to start her own business selling lawnmowers. Colleen is successful after the first 3 years, and she is

approached by a competitor who is nearing retirement age. The competitor is interested in selling his business to Colleen. For Colleen, this would be a(n) strategy.

a. unrelated diversification
b. horizontal integration
c. vertical integration
d. retrenchment

238. Colleen finds a business opportunity in a supplier who sells her wheels for lawnmowers. This would be a(n) strategy.

a. unrelated diversification
b. horizontal integration
c. vertical integration
d. related diversification

239. A business broker hears that Colleen is interested in purchasing a business and approaches her with an offer to sell her a company that owns a patent on a new roofing product and who installs this new roofing in the southwestern United States. If she buys this firm, she will be using a(n) _____________ strategy.

a. unrelated diversification
b. horizontal integration
c. vertical integration
d. related diversification

240. No matter which business Colleen decides to buy, she intends to operate each business independently and allow each to determine its own strategy. This will mean that each company will be a(n) ________.

a. operational unit
b. strategic business unit
c. competitive advantage
d. legal subunit

241. Colleen decides that she wants to assemble lawn mowers. She decides that she wants a business to develop a distinctive edge in producing high-quality lawn mowers. This emphasis on quality is to be so strong that her company will have a that will set her company apart from her competition.

a. core competence
b. competitive power
c. legal propriety
d. competitive advantage

242. You purchased Shanghai Grill and Zorro Distributors after being in business for five years. What level of strategy integrates the strategies of your various business units?
   a. corporate level
   b. business level
   c. functional level
   d. strategic level

243. You called the Boston Consulting Group (BCG), and they have provided you with some advice based on their famous corporate portfolio matrix. Your oldest holding, Taco Rocket, has not grown much in recent years, but due to low debt, it generates a huge amount of cash. According to BCG,Taco Rocket would be considered a ____________.
   a. cash cow
   b. star
   c. question mark
   d. dog

244. Recently, you also purchased a company that manufactures a new satellite dish, allowing you to enter into the cable television market. The business is profitable and growing, but the technological unknowns make it risky. BGC considers it a ___________.
   a. cash cow
   b. star
   c. question mark
   d. dog

245. Another purchase you made was to acquire a local coffee-cart chain with 30 locations around the city. You don't see it growing very much, but then, it doesn't cost much to operate. BCG would label this venture a_____________.
   a. cash cow
   b. star

c. question mark
d. dog

246. An analysis of the economic segment of the external environment would include all of the following EXCEPT

a. interest rates.
b. international trade.
c. the strength of the U.S. dollar.
d. the move toward a contingent workforce

247. The highest amount a firm can charge for its products is most directly affected by

a. expected retaliation from competitors.
b. the cost of substitute products.
c. variable costs of production.
d. customers' high switching costs.

248. All of the following are forces that create high rivalry within an industry EXCEPT

a. numerous or equally balanced competitors.
b. high fixed costs.
c. fast industry growth.
d. high storage costs.

249. A firm's mission

a. is a statement of a firm's business in which it intends to compete and the customers which it intends to serve?
b. is an internally-focused affirmation of the organization's financial, social, and ethical goals.

c. is mainly intended to emotionally inspire employees and other stakeholders.

d. is developed by a firm before the firm develops its vision.

250. Investors in a company judge the adequacy of the returns on them investment in relation to:

a. the returns on other investments of similar risk.

b. the stock market's overall performance.

c. the initial size of the investment.

d. the prime interest rate.

251. Which strategy is about how to compete successfully in particular markets?

a. Business-level strategy

b. Corporate-level strategy

c. Alliance-based strategy

d. Operational-level strategy

252. stability strategy is a _____________ strategy

a. corporate level

b. business level

c. functional level

d. strategic level

253. What are the means by which long term objectives will be achieved?

a. Strategies

b. Policies

c. Strength
d. Opportunities

254. Marketing strategy is a ___________ type of strategy

a. Business level
b. Growth strategy
c. Corporate strategy
d. Functional strategy

255. The basic activities of strategic management include:

a. offense, defense, and control
b. situation analysis, strategy formulation, implementation, and evaluation
c. development, control, and management
d. ethics, management, and practice

256. BCG in BCG matrix stands for

a. Boston Calmette Group
b. British Consulting Group
c. Boston Corporate Group
d. Boston Consulting Group

257. What does Dog symbolize in BCG matrix?

a. Introduction
b. Growth
c. Maturity
d. Decline

258. What does Stars symbolize in BCG matrix?

a. Introduction
b. Growth
c. Maturity
d. Decline

259. What does Question Mark (?) symbolize in BCG matrix?

a. Remain Diversified
b. Invest
c. Stable
d. Liquidate

260. What do Cash Cows symbolize in BCG matrix?

a. Remain Diversified
b. Invest
c. Stable
d. Liquidate

261. What does Green symbolize in BCG matrix?

a. invest & Expand
b. Select & Earn
c. Harvest & Divest
d. Both a & b

262. What does Yellow symbolize in BCG matrix?

a. Invest & Expand
b. Harvest & Divest
c. Select & Earn
d. Both a & b

263. What does Red symbolize in BCG matrix?

a. Invest & Expand
b. Harvest and Earn
c. Harvest & Divest
d. Select & Earn

264. In GE 9 cell matrix, what is the label of the horizontal axis?
a. Relative Market share
b. Industry Attractiveness
c. Industry Growth Rate
d. Market Growth Rate

265. Another name for GE 9 cell model is
a. Three color matrixes
b. Stop light matrix
c. Strategic Portfolio Matrix
d. Color light matrix

266. Horizontal integration is concerned with
a. Production
b. Quality
c. Product planning
d. All of the above

267. Changes in company ………. also necessitates changes in the systems in various degrees
a. Structure
b. system
c. strategy
d. turnover

268. The reasons for acquisition are

a. Increased market power
b. Increased diversification
c. Increased speed to market
d. All of the above

269. Harvest strategy is used for

a. Dogs
b. Question marks
c. both 'A' and 'B'
d. none of the above

270. ETOP stands for ________.

a. environmental threat & opportunity project
b. environmental threat & opportunity profile
c. environmental treaty & opportunity profile
d. environmental threat & optimum profile

271. The reasons for acquisition are

a. Increased market power
b. Increased diversification
c. Increased speed to market
d. All of the above

272. To find out what an organization's strategy is, you should:

a. Read the mission statement
b. Look at what the organization actually does
c. Read the strategic plan
d. Ask the CEO

273. Which of the following statements is not true when describing a successful strategy?

a. It provides some property that is unique or distinctive
b. It provides the means for renewing competitive advantage
c. It addresses changes in the external environment
d. It guarantees long term survival

274. In the case where an organization acquires its supplier, this is an example of:
a. Horizontal integration
b. Forwards vertical integration
c. Backwards vertical integration
d. Downstream vertical integration

275. The key international marketing principles are:
a. value, focus and profit.
b. value, focus and competitive advantage.
c. customer service, profit and feedback.
d. value, competitive advantage and profit.

276. Which of the following is not Porter's generic strategy?
a. Focus
b. Market segmentation
c. Differentiation
d. Cost Leadership

277. Which is not a global entry strategy?
a. Exporting
b. Joint venture
c. Blue ocean strategy
d. Merger and Acquisition

278. Which one is not the characteristic feature of Entrepreneurship?

a. Vision

b. Disloyalty

c. Initiative and Drive

d. Risk Bearing

279. Environmental issues can be managed by

a. Investing in environment friendly process or products.

b. Managing environmental regulations.

c. Investing in environmental performance improvement.

d. All of the above.

280. In which stage of product life cycle, the company takes decision whether to maintain, harvest or drop the product?

a. Introduction

b. Growth

c. Maturity

d. Decline

281. joint venture can be defined as:

a. Two firms collaborate together on a specific project

b. One firm licenses its intellectual property to another firm

c. Two firms merge together

d. Two firms come together to form a third, legally separate firm

282. Which of the following best describes the structure at Wilmington?

a. Project-based structure

b. Matrix structure

c. Multidivisional structure

d. Functional structure

283. David Hammond suggests that success at Metapraxis is influenced by which three elements of the McKinsey 7-S framework?

a. Skills, staff and stakeholders

b. Structure, style and suppliers

c. Structure, systems and staff

d. Structure, systems and synergy

284. The "soft" elements of the 7-S framework include all of the following EXCEPT which?

a. Style

b. Shared values

c. Skills

d. Systems

285. The BCG matrix is based on

a. Industry attractiveness and Business strength

b. Industry Growth rate and Business strength

c. Industry Attractiveness and Relative Market share

d. Industry growth rate and relative market share

286. Buying another company by one company means:

a. Joint venture

b. Acquisition

c. Amalgamation

d. Merger

287. VUCA stands for ________, _________, ________.

a. Volatility, Uncertainty, Complexity and Ambiguity

b. Volatility, Uncertainty, Complexity Model and Ambiguity

c. Vision, Uncertainty, Corporate Governance and Ambiguity

d. Volatility, Uncertainty, Consumer and Ambiguity

288. The acronym SWOT stands for

a. Special Weapons for Operations Timeliness
b. Services, Worldwide Optimization and Transport
c. Strengths, Weakness, Opportunities and Threats
d. None of the above

289. Transformational change in an organization refers to

a. complete change in almost all aspects of the organization
b. incremental change in which necessary improvements are made in the existing organization
c. no change in any aspect of the organization
d. None of the above