# Vragen Strategisch Management

Publiek

# Voorbeeldexamen 2017

**1. Het businessmodel van een organisatie …**

A) <u>verduidelijkt hoe een organisatie voldoende inkomsten zal genereren om niet alleen de kosten van de organisatie te dekken maar ook een aantrekkelijke winstmarge te realiseren en een bevredigende return on investment.</u>
B) is het onderliggende strategische verhaal, ontwikkeld door de managers van de organisatie, welke verduidelijkt hoe de strategie de beoogde strategische objectieven zal realiseren.
C) verduidelijkt de ethische normen en criteria voor maatschappelijk verantwoord ondernemen ingebed in de strategie van de organisatie.
D) verduidelijkt hoe de organisatie hoge winstmarges zal realiseren.
E) verduidelijkt de stappen die de organisatie zal zetten om marktleiderschap te realiseren.

*Hoofdstuk 1*

**2. Het belangrijkste voordeel van een wervende, overtuigende en motiverende strategische visie is het feit dat ….**

A) de strategische visie helpt om management consensus te genereren betreffende de resources die ingezet moeten worden om de strategisch objectieven te realiseren.
B) <u>de strategische visie medewerkers kan helpen om de beoogde doelstellingen van het management beter te begrijpen en hen kan stimuleren om deze te helpen realiseren.</u>
C) de strategische visie verduidelijkt waarom een organisatie winst maakt.
D) de strategische visie medewerkers verduidelijkt wat de logica van het business model van de organisatie is.
E) de strategische visie helpt om medewerkers te informeren.

*Hoofdstuk 2*

**3. De financiële en strategische objectieven van een organisatie worden vaak "rekbaar" geformuleerd (= stretching objectives). Deze aanpak helpt de organisatie om:**

A) haar winst te maximaliseren.
B) een balanced scorecard te ontwikkelen die toelaat de performantie van de organisatie te beoordelen.
C) haar missie om te zetten in relevante organisatorische waarden.
D) haar strategie te implementeren met een grotere mate van efficiëntie.
E) <u>de ambitie van de organisatie te versterken en zo uitdagende doelstellingen te formuleren.</u>

*Hoofdstuk 2*

**4. Welke van de onderstaande situaties heeft geen positieve impact op de onderhandelingsmacht (bargaining power) van leveranciers?**

A) Er is een beperkte voorraad van de te leveren producten.
B) Voorwaartse integratie (forward integration) door leveranciers is een reële bedreiging.
C) <u>De te leveren producten zijn gestandaardiseerde producten.</u>
D) De te leveren producten hebben een positieve impact op de kwaliteit van de dienstverlening van de aankoper.
E) Het aantal leveranciers is beperkt.

*Hoofdstuk 3*

**5. Een kerncompetentie (core competence) is belangrijk omdat …**

A) <u>het de basis vormt voor een “competitive capability”.</u>
B) het concurrentiële waarde (competitive value) heeft zoals uitgedrukt in de balans van de organisatie.
C) de technologische expertise van een team in de organisatie weerspiegelt.
D) moeilijker te kopiëren is voor concurrenten dan een onderscheidende competentie (distinctive competence).
E) het aan de grondslag ligt van een lagekostenstructuur welke tot uiting komt in een efficiënte waardeketen.

*Hoofdstuk 4*

**6. Een organisatie die een kostenvoordeel (low-cost edge) heeft ten aanzien van concurrenten, heeft meestal ….**

A) sterk geïnvesteerd in productieprocesinnovatie.
B) optimalisatie van inzicht in klantenvoorkeuren.
C) een agressieve strategie gericht op het vergroten van het marktaandeel.
D) een agressieve strategie gericht op het beschermen van het marktaandeel.
E) <u>een manier gevonden waardoor ze activiteiten van de waardeketen sneller kan uitvoeren dan concurrenten.</u>

*Hoofdstuk 5*

**7. Wat is geen doelstelling van een defensieve strategie?**

A) <u>Het verhogen van het risico om je te moeten wapenen tegen een aanval van een concurrent.</u>
B) Het verzwakken van de impact van een mogelijke aanval van een concurrent.
C) Dwingen van concurrenten om hun aandacht op andere bedrijven te richten.
D) Het verdedigen van een competitief voordeel.
E) Het verlagen van het risico van een concurrentiële aanval.

*Hoofdstuk 6*

**8. Fusies en overnames …**

A) leiden bijna altijd tot de beoogde doelstellingen.
B) leiden vaak niet tot de verwachte outcomes.
C) zijn vaak minder effectief dan het vormen van allianties met dezelfde organisatie.
D) zijn vaak risicovol omdat ze de cashpositie van de organisatie verzwakken.
E) zijn een betere optie om kostenbesparingen te realiseren dan investeren in marktopportuniteiten.

*Hoofdstuk 6*

**9. Wat is geen valabele strategische optie wanneer een organisatie wil concurreren in buitenlandse markten?**

A) Een exportstrategie gecombineerd met een “multidomestic strategy.
B) Een globale strategie gefocust op low-cost of differentiatie.
C) Grensoverschrijdende strategieën gecombineerd met voordeel strategieën in de thuismarkt.
D) Gebruikmaken van strategische allianties met buitenlandse concurrenten om toegang te krijgen tot een buitenlandse markt.
E) Gebruik maken van franchise strategieën.

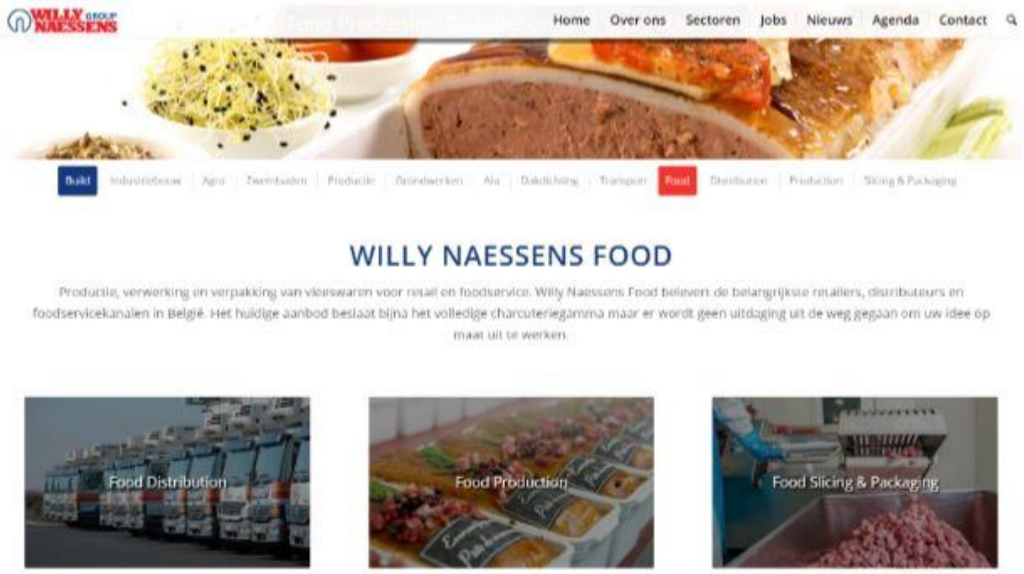
*Hoofdstuk 7*

**10. Diversifiëren in nieuwe businesses is enkel gerechtvaardigd indien dit leidt tot ….**

A) grotere winstmarges.
B) de creatie van aandeelhouderswaarde (shareholder value).
C) het omzeilen van de beperkingen van de huidige concurrentiele omgeving.
D) leidt de creatie van een breder portfolio van “distinctive competences”.
E) een groter vermogen om buitenlandse markten te veroveren.

*Hoofdstuk 8*

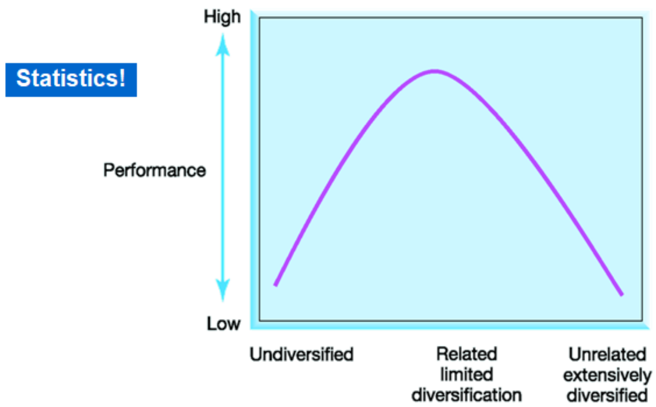
**11. Onderstaande screenshot geeft inzicht in de activiteiten van de Willy Naessens Group. Geef een antwoord op de volgende vragen (de antwoorden dienen beknopt en puntsgewijs te worden gegeven):**




**11.1. Over welke vorm van diversificatie handelt het zich hier?**
*Niet gerelateerde diversificatie (?) / Multibusiness enterprise (?)*
*Dominant business*
*-> **Niet-gerelateerde diversificatie** en Dominant-business lijken mij hier beide te kunnen, al lijkt me het eerste juister als antwoord op "vorm van diversificatie"*

*Ik vind het een dubbele vraag eigenlijk, want dominant zegt hij in de les maar als je dan kijkt naar de diversificatie in de bouwsector (of food) is het gerelateerd maar bouw en food is dan weer niet gerelateerd*

**11.2. Schets schematische de relatie tussen diversificatie en performantie. Positioneer de Willy Naessens Group op het schema.**




Gaa |36 t dit over deze grafiek (?)

**11.3. Hoe kan men in dergelijke vorm van diversificatie een meerwaarde creëren?**

Er is vaak geen strategische fit om concurrentievoordeel te behalen in ongerelateerde diversificatie. Waarde creëren van de aandeelhouders moet dus op een andere wijze: *(ik denk dat er 2 zijn)*
1.“Corporate parenting”
2. Verstandige toewijzing van cross-business middelen (vb financiele middelen).

**11.4. Wat zijn de mogelijke nadelen van dergelijke vorm van diversificatie?**
Veeleisend voor het management,
Beperkt potentieel tot concurrentievoordeel, omdat synergie moeilijker te bereiken zijn.

# Vragen TEW 2018

**1. Je bent aangesteld als decaan van Vlerick Business School. Er wordt je door de raad van bestuur gevraagd om het portfolio van de business school te onderzoeken.**

**1.1. Wat is het probleem, welke vragen stellen? Hoe meet je die dingen?**

**1.2. Welk model/ welke modellen gebruik je best?**

**1.3. Hoe werkt het model en wat zijn de limitaties in de context van de Vlerick Business School?**

**2. je komt aan het hoofd van de Universiteit Gent te staan en er wordt je gevraagd een strategisch plan voor de toekomst op te stellen:**
**2.1. Wat zijn de vragen waar je rekening mee gaat houden?**

**2.2. Welk model/welke modellen ga je gebruiken?**

**2.3. Welke strategische aanbevelingen zou je geven o.b.v. uw huidige kennis?**

**3. Verklaar de vier methodologische manieren van toekomstmodellen volgens het model van Rafaël Popper. Teken dit model en leg uit.**

**4. Je bent leider in een turbulente omgeving. Geef het model dat hierbij past, alsook de vier kenmerken waaraan een leider moet voldoen.**

**5. 'Memory of the future'**
**5.1. Wat was het probleem of doel van het onderzoek?**

**5.2. Wat waren de belangrijkste, opmerkelijkste bevindingen?**

**6. 'Tetlock'**
**6.1. Welke vraag onderzocht hij?**

**6.2. Wat waren de bevindingen van zijn onderzoek?**

# Vragen TEW datum onbekend

## Hoofdstuk 1

**1. A company's strategy can be considered "ethical"**

A) provided it keeps its product quality as high as possible.
B) so long as the company's strategic actions result in customer satisfaction levels of 90% or higher.
C) <u>if it does not entail actions or behaviors that cross the moral line from "can do" to "should not do" (because such actions are unsavory, unconscionable, injurious to others, or unnecessarily harmful to the environment).</u>
D) provided it keeps its prices as low as possible.
E) As long as its actions and maneuvers do not harm the environment.

**2. The two crucial elements of a company's business model are**

A) how it intends to achieve high profit margins and what size dividends the company will pay to shareholders.
B) whether it is ethical and whether it will satisfy shareholder expectations.
C) how the strategy will result in achieving the targeted return on investment and what the company will do to satisfy customers.
D) its approach to achieving market leadership and the actions it will take to produce 100% customer satisfaction.
E) <u>Its customer value proposition (the buyer wants and needs it seeks to satisfy and whether customers will consider the price charged to be a “good value”) and its “formula” for generating profits (the strategy, key resources, and business processes it will utilize to generate the sales volumes and profit margins needed to yield good profits)</u>

**3. Which of the following is not one of the reasons that a company's strategy evolves over time?**

A) The need to keep strategy in step with changing market conditions and shifting buyer needs and preferences
B) The need to revise one or more aspects of a failing or poorly performing strategy
C) The proactive efforts of company managers to fine-tune and improve one or more pieces of the strategy
D) <u>The need on the part of company managers to make regular adjustments in the company's strategic actions so as to avoid organizational boredom, energize the work force, and inject an added element of excitement for investors in the company's stock</u>
E) The need to respond to the fresh competitive moves of rival firms

**4. Which of the following statements about a company's strategy is true?**

A) A company's strategy is developed mostly on the fly because of the constant efforts of managers to come up with fresh moves to keep the company's product offering clearly different and set apart from the product offerings of rival companies.
B) <u>A company's strategy is typically a blend of proactive and reactive strategy elements.</u>

C) A company's strategy generally changes very little over time unless a newly-appointed CEO decides to take the company in a new direction with a new strategy.
D) A company's strategy is typically planned well in advance and usually deviates little from the planned set of actions and business approaches because of the risks of making on-the-spot changes.
E) A company's strategy is mostly hidden to outside view and is deliberately kept under wraps by top-level managers (so as to catch rival companies by surprise when the strategy is launched).

**5. In endeavoring to craft an ethical strategy, company managers**

A) should always have the company's lawyers review the strategy and "certify" whether each element of the company's strategy is ethical or not.
B) have to back off aggressive efforts to maximize profits because many strategic actions to maximize profits cross over the line to unsavory or shady—or, at least, are on the border of being unethical.
C) <u>have to go beyond what strategic actions and behaviors are deemed legal and address whether all the various elements of the company's strategy can pass the test of moral scrutiny.</u>
D) should develop an ethical strategy code that sets forth what strategic actions are ethical (and may be pursued) and which ones are unethical (and cannot be pursued) so that all managers and company personnel can stay within ethical bounds in developing strategic initiatives.
E) need only ensure that each piece of the strategy entails actions and behaviors that are within the letter of the law.

**6. A company's strategy is most accurately defined as**

A) the approach management is using to increase revenues, reduce costs, and earn a good profit.
B) the choices management has made regarding product quality, pricing, advertising, and customer service.
C) the business model that a company is using to avoid losing money.
D) how management plans to achieve the company's top priority financial objectives.
E) <u>management's commitment to pursue a particular set of actions in growing the business, attracting and pleasing customers, competing successfully, conducting operations, and improving the company’s financial and market performance.</u>

**7. A portion of a company's strategy is always developed on the fly because**

A) <u>managers must always be willing to supplement or modify various strategy elements with as-needed reactions to unanticipated developments.</u>
B) Regular fine-tuning of a company's strategy is essential to achieving a sustainable competitive advantage over rivals.
C) any time the market leader's strategy changes, a company has to quickly try to imitate as many of these changes as is feasible.
D) a company must do everything possible (in the way of price, quality, service, warranties, advertising, and so on) to clearly differentiate the company's product/service from the product/service offerings of rivals.
E) company strategies have a short life and frequent strategy changes are normal and customary to keep the strategy fresh and in step with shifting competitive conditions.

**8. A company's business model**

A) concerns the actions and business approaches that will be used to grow the business, conduct operations, please customers, and compete successfully.
B) <u>sets forth how its strategy and business approaches will create value for customers while at the same time generating ample revenues to cover costs and realize a profit.</u>
C) concerns what combination of moves in the marketplace will be employed to outcompete rivals.
D) deals with how it can simultaneously maximize profits and operate in a manner that keeps its prices as low as possible.
E) concerns how management plans to please customers, keep product quality high and prices low, and still be attractively profitable.

**9. The difference between a company's strategy and a company's business model is that**

A) a company's strategy is management's game plan for achieving customer satisfaction while its business model is management's game plan for satisfying shareholder expectations.
B) the strategy concerns how to compete successfully and the business model concerns how to operate efficiently.
C) a company's strategy is management's game plan for delivering value to shareholders whereas a company's business model is the game plan for delivering value to customers.
D) <u>strategy relates broadly to a company's competitive moves and business approaches (which may or may not lead to profitability) while its business model relates to whether the revenues and costs flowing from the strategy will produce satisfactory profits and returns on investment.</u>
E) a company's strategy concerns how to outcompete rivals while its business model concerns how to achieve high levels of customer satisfaction.

**10. The competitive moves and business approaches a company's management is using to grow the business, attract and please customers, compete successfully, conduct operations, and achieve the targeted levels of organizational performance is referred to as its**

A) <u>strategy.</u>
B) shareholder value proposition.
C) business model.
D) path to sustainable competitive advantage.
E) customer value proposition.

**11. According to Figure 1.1, which of the following is not something to look for in identifying a company's strategy?**

A) <u>Actions to boost the company's stock price</u>
B) Actions to gain sales and market share via lower prices, more performance features, more appealing design, better quality or customer service, wider product selection, or other such actions
C) Actions to strengthen marketing standing and competitiveness by merging with or acquiring rival companies

D) Actions to enter new geographic or product markets or exit existing ones
E) Actions and approaches used in managing R&D, production, sales and marketing, finance, and other key activities

**12. The heart and soul of a company's strategy-making effort**
A) is figuring out how to win the largest market share.
B) deals with how management plans to provide superior customer service while, at the same time, operating in a socially responsible manner that keeps the company's prices as low as possible.
C) concerns how to improve the efficiency of its business model.
D) is figuring out what to do to earn the largest possible profit after taxes.
E) <u>involves coming up with moves and actions that produce a durable competitive edge over rivals.</u>

**13. A winning strategy is one that**
A) passes the market leadership test, the profitability test, and the business model test.
B) passes the shareholder value test, the customer value test, and the good strategy test.
C) passes the customer satisfaction test, the shareholder value test, and the business model test.
D) <u>fits the company's situation, helps build sustainable competitive advantage, and results in better company performance.</u>
E) passes the good strategy test, the good business model test, and the profitability test.

**14. Excellent execution of an excellent strategy**
A) is the most reliable indicator that a company has an excellent business model.
B) is a surefire guarantee for avoiding periods of weak financial performance.
C) is the best sign that a company enjoys a sustainable competitive advantage.
D) is the best pathway to market leadership, total customer satisfaction, superior profit margins, and maximization of shareholder wealth.
E) <u>is the best test of managerial excellence.</u>

**15. What makes a competitive advantage sustainable or durable as opposed to temporary is**
A) providing the very best possible customer service.
B) developing a business model that enables a company to earn bigger profits per unit sold than rivals.
C) charging a lower price than rivals.
D) <u>actions or elements in the strategy that cause an attractive number of buyers to have lasting reasons to purchase a company's products or services as opposed to buying the offerings of rival companies.</u>
E) developing a product/service that is of higher quality than what rivals are offering.

# Hoofdstuk 2

**1. Effectively communicating the strategic vision down the line to lower-level managers and employees has the value of**

A) <u>not only explaining where management is trying to take the company and what changes lie on the road ahead but, more importantly, also inspiring company personnel to unite behind managerial efforts to get the company moving in the intended direction.</u>
B) helping rally organization members to offer good ideas and suggestions for improving the company's strategy and operating practices.
C) keeping company personnel well-informed about the company's strategic intent and long-term strategic plans.
D) making it easier for top executives to set stretch objectives and develop a balanced scorecard.
E) helping them understand why "making a profit" is the company's overriding purpose.

**2. Which one of the following questions is <u>not</u> something company managers should consider in thinking strategically about their company's directional path and developing a strategic vision?**
A) Are changing market and competitive conditions acting to enhance or weaken the company's prospects?
B) <u>What business approaches and operating practices should we consider in trying to implement and execute our business model?</u>
C) Should we begin to deemphasize or eventually abandon any of the markets or customer groups we are presently serving?
D) What, if any, new customer groups and/or geographic markets should the company get in position to serve?
E) Is the company at risk because of growing technological obsolescence or deficient skills and capabilities?

**3. Managerial jobs with strategy-making responsibility**
A) are typically limited to a company’s chief executive officer and chief strategy officer (who usually works closely with and reports directly to the chief executive officer).
B) are found only at the very top of the managerial hierarchy, although virtually all strategic decisions are subject to the review and approval of company’s board of directors.
C) <u>typically extend throughout the managerial ranks and exist in every part of a company (its business units, operating divisions, functional departments, manufacturing plants, and sales districts);</u> *indeed, the more that a company’s operations cut across different products, industries, and geographical areas, the more that headquarters executives have little option but to delegate considerable strategy- making authority to <u>down-the-line managers</u> in charge of particular organizational units.*
D) seldom exist within a functional department (e.g., marketing and sales) or in an operating unit (a plant or a district office) because these levels of the organization structure are well below the level where strategic decisions are typically made.
E) are relatively rare because most strategy-making is done by top-ranking executives and the members of a company's board of directors.

**4. Which of the following are key tasks in the strategy-making, strategy-executing process?**

A) Setting objectives, identifying the best strategy alternatives, choosing the very best of the strategy alternatives, implementing and executing the chosen strategy, and deciding how much of the company's resources to employ in the pursuit of sustainable competitive advantage
B) Deciding on the company's strategic intent, creating a balanced scorecard for monitoring performance, crafting a strategy, and choosing what business approaches and operating practices to employ
C) <u>Developing a strategic vision, setting objectives, and crafting a strategy</u>
D) Developing a proven business model, deciding on the company's strategic intent, creating a balanced scorecard, and crafting a strategy
E) Setting objectives, choosing what business approaches and operating practices to employ, selecting a business model, identifying the three best strategy alternatives, and monitoring developments and initiating corrective adjustments

**5. In a single-business company, the strategy-making hierarchy (as shown in Figure 2.2) consists of**

A) business strategy and departmental strategy.
B) <u>business strategy, functional strategies, and operating strategies.</u>
C) corporate strategy, divisional strategies, and departmental strategies.
D) managerial strategy, business strategy, and divisional strategies.
E) business strategy, divisional strategies, and departmental strategies.

**6. Which of the following is <u>not</u> a common shortcoming of company vision statements?**

A) Too reliant on superlatives (being the best, the most successful, a recognized leader, or global leader)
B) <u>Too narrow-doesn't leave enough room for future growth</u>
C) Dwells on the present rather than "where we are going"
D) Bland or uninspiring
E) Not distinctive-could apply to most any company (or at least several others in the same industry)

**7. Developing a strategic vision for a company entails**

A) describing its customer value proposition and the revenue-cost-profit formula management will use to deliver value to shareholders.
B) <u>prescribing a strategic direction for the company to pursue and a rationale for why this strategic path makes good business sense.</u>
C) coming up with a 5-year strategic plan for outcompeting rivals and achieving a competitive advantage.
D) describing its business model and the kind of value that it is trying to deliver to customers.
E) describing the company's strategic intent and why the business will be a moneymaker.

**8. Which of the following is not among the principal managerial tasks associated with implementing and executing a company's strategy?**

A) Allocating ample resources to those activities critical to strategic success

B) Installing information and operating systems that enable company personnel to better carry out their strategic roles day in and day out
C) Exerting the internal leadership needed to drive implementation forward and keep improving on how the strategy is being executed
D) <u>Pushing employees to work hard, do their very best, and meet or beat the established performance targets-employees that fall short on these criteria must be quickly weeded out</u>
E) Ensuring that policies and procedures facilitate rather than impede effective execution

**9. At companies where the stated values are real rather than cosmetic, company managers connect the stated values to the chosen strategic vision and mission by**
A) making internal enforcement of the company's values the centerpiece of the company's strategy.
B) making it clear that company personnel who do not observe the professed values will be dismissed.
C) making achievement of the values a prominent part of the company's strategic objectives.
D) using a values-based balanced scorecard to measure the company's progress in achieving the vision/mission.
E) <u>crafting a vision, mission, and strategy that matches well with the desired values, holding company personnel accountable for displaying the stated values, and frequently reiterating how the values-based behavioral norms contribute to the company's business success.</u>

**10. A balanced scorecard for measuring company performance**
A) entails having an equal number of financial and strategic objectives.
B) <u>entails creating a set of objectives that is "balanced" in the sense of including both financial and strategic objectives.</u>
C) prevents the drive for achieving strategic objectives from overwhelming the pursuit of financial objectives.
D) entails putting equal emphasis on short-term financial and strategic objectives and long-term financial and strategic objectives.
E) entails having an equal number of profit and non-profit objectives.

**11. Which of the following is the best example of a well-stated strategic objective?**
A) Increase profits by more than the industry average
B) Select 150 new suppliers within 12 months
C) Improve employee job satisfaction by 5% within 12 months
D) <u>Within 2 years, achieve costs per unit sold that are 10% below any other company in the industry</u>
E) Be among the top 5 five companies in the industry with the highest market share

**12. A company exhibits strategic intent when**
A) it commits to aggressively pursuing a newly-conceived 5-year strategic plan.
B) <u>it relentlessly pursues an ambitious strategic objective, concentrating the full force of its resources and competitive actions on achieving that objective.</u>

C) it places greater emphasis on achieving its strategic objectives than on achieving its financial objectives.
D) it opts to pursue a particular strategic vision and strategy.
E) it opts to pursue a particular competitive advantage.

**13. A company’s strategic plan consists of**

A) <u>a vision of where it is headed, a set of performance targets, and a strategy to achieve them.</u>
B) its objectives and its strategy for achieving them.
C) its strategy and management's specific, detailed plans for implementing it.
D) a company’s strategic vision, strategic objectives, strategic intent, and strategy.
E) a strategic vision, a strategy, and a business model.

**14. The difference between a company's mission statement and the concept of a strategic vision is that**

A) a mission statement deals with the future markets and product categories the company intends to compete in whereas a strategic vision provides the critical answer to "what will our strategy be and how will we win a competitive advantage?"
B) a mission deals with why profitability is the company's top priority whereas a strategic vision deals with the markets and product categories the company intends to compete in.
C) a mission statement sets forth which measures of profitability the company will focus on while a strategic vision concerns the strategy the company will employ to achieve these measures of profitability.
D) the mission explains the company's business model, whereas the strategic vision sets forth the strategy.
E) <u>the strategic vision portrays a company's **future** business scope ("where we are going") whereas a company's mission typically describes its **present** business and purpose ("who we are, what we do, and why we are here").</u>

**15. A company needs financial objectives**

A) in order to spur company personnel to help the company overtake key competitors on such pivotally important measures as revenue growth and earnings per share of common stock.
B) in order to keep company personnel strongly focused on improving the company's profitability.
C) to please shareholders and maintain a strong credit rating.
D) to signal shareholders whether management intends to emphasize earnings per share growth or revenue growth or dividend growth or steady increases in the company's stock price.
E) <u>because without adequate profitability and financial strength, a company's pursuit of its strategic vision, as well as its long-term health and ultimate survival is jeopardized-subpar earnings and a weak balance sheet alarm shareholders and creditors and put the jobs of senior executives at risk.</u>

**16. Business strategy, as distinct from corporate strategy, is**

A) chiefly concerned with deciding which new businesses to enter, which existing businesses to get out of, and which existing businesses to remain in.

B) focused on forging actions and approaches to compete successfully and perform well in one specific line of business.
C) primarily concerned with coordinating the competitive approaches of a company’s different business units and is typically something that has to be done personally by the company’s CEO.
D) chiefly concerned with what business model to employ in each of the company’s different businesses; normally, this decision is made by a company’s board of directors.
E) usually orchestrated by a company’s board of directors, with input and advice from the company’s CEO and other senior executives.

**17. Which one of the following is not among the chief duties/responsibilities of a company's board of directors insofar as the strategy-making, strategy-executing process is concerned?**

A) Evaluating the caliber of senior executives’ strategy-making/strategy- executing skills
B) Supervising enforcement of high ethical standards and stepping in to take the lead role in promptly revising and improving the company’s strategy whenever the company’s financial performance is unsatisfactory
C) Being inquiring critics and overseeing the company’s direction, strategy, and business approaches
D) Overseeing the company’s financial accounting and financial reporting practices
E) Instituting a compensation plan for top executives that rewards them for actions and results that serve stakeholders’ interests, most especially those of shareholders

**18. The task of stitching together a strategy**

A) entails addressing a series of *hows*: how to grow the business, how to please customers, how to outcompete rivals, how to respond to changing market conditions, how to manage each functional piece of the business and develop needed competencies and capabilities, and how to achieve strategic and financial objectives.
B) chiefly entails deciding which of several freshly-emerging market opportunities to pursue.
C) is mainly an exercise in deciding how to minimize risk and still earn acceptable profits.
D) entails trying to copy the strategies of the most successful companies in the industry as closely as possible.
E) is mainly an exercise in staying flexible, so as to enable quick response to changing market conditions and competitive circumstances.

**19. A set of "stretch" financial and strategic objectives**

A) is one of the best managerial tools for motivating company personnel to execute the strategy with greater proficiency and at lower overall cost.
B) helps top executives determine how close the company is to true maximization of both revenues and profits.
C) helps clarify the company's strategic vision, strategic intent, and strategy.
D) is an effective tool for avoiding ho-hum results
E) helps convert a company's strategic intent into meaningful performance targets.

**20. Operating strategies concern**

A) how best to carry out the company’s corporate strategy.
B) the specific plans for building competitive advantage in each major department and operating unit.
C) what the firm's operating departments are doing and plan to do to unify the company’s functional and business strategies.
D) how best to implement and execute the company’s different business-level strategies.
E) <u>the relatively narrow strategic initiatives and approaches for managing key operating units within a business (plants, distribution centers, geographic units) and for performing strategically significant operating tasks (maintenance, shipping, inventory control, purchasing, advertising); the role of operating strategies is to add further detail and completeness to functional strategies and to the overall business strategy.</u>

# Hoofdstuk 3

**1. Which of the following is generally not considered as a barrier to entry?**

A) The difficulties of building a network of distributors-retailers and securing adequate space on retailers' shelves
B) <u>Rapid market growth</u>
C) Tariffs and other international trade restrictions
D) Strong brand preferences and high degrees of customer loyalty to existing brands
E) The cost advantages enjoyed by industry members due to such factors as learning-based cost savings, partnerships with the best suppliers, ownerships of key patents, and cost savings associated with having valuable proprietary technology

**2. Which of the following are most unlikely to qualify as driving forces?**

A) Changes in the long-term industry growth rate, the entry or exit of major firms, and changes in cost and efficiency
B) Increasing globalization of the industry and product innovation
C) New Internet technology applications, new government regulations, and significant changes in government policy toward the industry
D) <u>Mounting competition from substitutes, increasing efforts on the part of industry members to collaborate with suppliers, and the speed with which the number of industry key success factors is either rising or falling</u>
E) Marketing innovations and changes in who buys the industry's product and how they use it

**3. Which one of the following is <u>not</u> a reason why industry members are often motivated to enter into collaborative partnerships with key suppliers?**

A) To reduce inventory and logistics costs
B) To squeeze out important cost savings for both themselves and their suppliers
C) To enhance the quality of parts and components being supplied and reduce defect rates
D) To speed the availability of next-generation components
E) <u>To avoid the costs of switching suppliers</u>

**4. Which of the following is not a factor that causes buyer bargaining power to be weaker?**

A) Buyer demand is global rather than national or local
B) There is a surge in buyer demand that creates a "sellers' market"
C) A particular seller's product delivers quality or performance that is very important to the buyer and is not matched by other brands
D) Buyer costs to switch to competing brands or to substitute products are relatively high
E) Buyers purchase the product infrequently or in small quantities and are not particularly well-informed about sellers' products, prices, and costs

**5. Having good competitive intelligence about rivals' strategies, latest actions and announcements, resource strengths and weaknesses, and attempts to improve their situation is important because**

A) such information is essential for a company to know whether its strategy should be mostly defensive in nature (to defend against the strategic offensives of rivals) or mostly offensive (to try to capitalize on the strategic flaws and mistakes of competitors).
B) it identifies which companies are destined to gain market share and which ones are destined to lose market share.
C) it prevents a company from flying blind into competitive battle, being totally surprised by the fresh actions of rivals, and helping a company to craft offensive and defensive strategic moves of its own with some confidence about what market maneuvers to expect from its rivals.
D) good scouting reports help identify those companies with winning strategies and those with weak or flawed strategies.
E) it enables company managers to determine which rival has the worst strategy and how to avoid making the same strategy mistakes

**6. The best test of whether potential entry is a strong or weak competitive force is whether**

A) the industry's growth and profit prospects are strongly attractive to potential entry candidates.
B) buyer loyalty to existing brands is high or low.
C) capital requirements for new entrants are high or low.
D) there are fewer than 4 entry barriers.
E) a majority of the existing industry members have earned a profit for 3 consecutive years.

**7. The rivalry among competing sellers tends to be less intense when**

A) competitors have diverse views about where the industry is headed and/or are headquartered in different countries and/or have sharply differing long-term directions, objectives, strategies, and resource capabilities.
B) industry rivals are not particularly aggressive or active in making fresh moves to improve their market standing and business performance.
C) buyer demand is weak and many sellers have excess capacity and/or inventory.

D) industry conditions tempt competitors to use price cuts or other competitive weapons to boost unit sales.
E) buyer switching costs are high, industry driving forces are strong, and rival sellers have weakly differentiated products.

**8. Competitive jockeying and market maneuvering among industry rivals**

A) determines whether companies positioned in the upper right quadrant of the industry's strategic group map will have a strong or weak competitive advantage over industry members positioned in other parts of the map.
B) is generally weak when both buyers and suppliers have strong bargaining power.
C) is usually an industry's strongest driving force and acts to weaken customer loyalty.
D) is usually one of the two or three weakest competitive forces.
E) <u>is ever-changing as fresh offensive and defensive moves are initiated and as rivals emphasize first one mix of competitive weapons and tactics and then another.</u>

**9. Potential entrants are more likely to be deterred from actually entering an industry when**

A) the products of incumbent firms are strongly differentiated.
B) <u>incumbent firms have previously been aggressive in defending their market positions against entry.</u>
C) customer loyalty to existing brands is low.
D) the industry already contains a dozen or more rivals.
E) the relative cost positions of incumbent firms are about the same, such that no one incumbent has a meaningful cost advantage.

**10. A competitive environment where there is weak to moderate rivalry among sellers, high entry barriers, weak competition from substitute products, and little bargaining leverage on the part of both suppliers and customers**

A) requires that industry members have low costs in order to be competitively successful.
B) lacks powerful driving forces and is thus likely to be relatively slow-changing and have low profit margins.
C) typically results in a "buyers' market" where industry members are forced to reduce prices.
D) gives each industry competitor the best potential for growing rapidly and strongly differentiating its product.
E) <u>is conducive to industry members earning attractive profits.</u>

**11. Driving forces analysis involves**

A) identifying which of the five competitive forces will be the strongest driver of industry change.
B) determining which two or three key success factors are most likely to help a company gain a sustainable competitive advantage.
C) predicting which industry member is likely to become (or remain) the industry leader and why.
D) identifying which strategic group is the most powerful.
E) <u>identifying the driving forces, assessing whether their impact will make the industry more or less attractive, and determining what strategy changes a company may need to make to prepare for the impacts of the driving forces.</u>

**12. Which of the following is <u>not</u> an appropriate guideline for developing a strategic group map for a given industry?**

A) The variables chosen as axes for the map should not be highly correlated.
B) <u>The variables chosen as axes for the map can be either quantitative or qualitative.</u>
C) The variables chosen as axes for the map should indicate big differences among rival industry members-this produces a map where the positions of rivals are scattered, thus better revealing how rivals have positioned themselves differently in the marketplace.
D) The sizes of the circles on the map should be drawn proportional to the combined sales of the firms in each strategic group.
E) Several maps should be drawn if more than one pair of variables help illuminate differences in the competitive positioning of industry members.

**13. Whether supplier-seller relationships in an industry represent a strong or weak source of competitive pressure is a function of**

A) the number of suppliers of a particular item-greater than ten suppliers translates into weak supplier power, while fewer than ten suppliers translates into strong supplier power.
B) how closely industry members are collaborating with their key suppliers-close collaboration greatly strengthens supplier bargaining power.
C) the extent to which industry members have strongly or weakly differentiated products.
D) <u>the degree to which suppliers have sufficient bargaining power to influence the terms and conditions of supply in their favor and whether one or more industry members collaborate closely with certain important suppliers in order to capture competitively valuable supply chain benefits.</u>
E) how fast the prices of the items being furnished by suppliers are rising or falling.

**14. Thinking strategically about industry and competitive conditions in a given industry involves evaluating such considerations as**

A) <u>the forces driving change in the industry and the key factors influencing future competitive success in the industry.</u>
B) whether the industry is considered to be a high-tech or low-tech industry.
C) how extensively and tightly the industry is regulated.
D) buyer demographics and purchasing power.
E) the extent to which buyer demand is influenced by societal values and lifestyles.

**15. Competitive pressures stemming from the threat of entry are weaker when**

A) existing industry members are looking to expand their market reach by entering product segments or geographic areas where they currently do not have a presence.
B) incumbent firms have little ability to leverage distributors, dealers, and/or retailers to retain their business.
C) <u>industry members are struggling to earn good profits.</u>
D) it takes new entrants longer than 6 months to secure attractive amounts of space on retailers' shelves and build a well-recognized brand name.
E) there are fewer than 10 entry candidates with the potential to hurdle the industry's barriers to entry.

**16. Which of the following is not a factor to be considered in the five-forces model of competition?**

A) The market maneuvering and jockeying for buyer patronage that goes on among rival sellers in the industry
B) The attempts of companies in other industries to win customers over to their own substitute products
C) The threat of new entrants into the market
D) Buyer bargaining power of suppliers and collaborative arrangements between certain industry members and their key customers
E) <u>Whether the overall impact of the industry's driving forces is growing stronger or weaker</u>

**17. Just how strong the competitive pressures are from substitute products depends on whether**

A) the producers of substitutes provide high levels of customer service.
B) buyers make purchases frequently or infrequently.
C) rival sellers confront strong bargaining power from both their suppliers and their most influential customers.
D) <u>buyers have high or low switching costs and whether substitutes are readily available, competitively priced, and have comparable or better performance features.</u>
E) the available substitutes are strongly or weakly differentiated.

**18. Factors that weaken the rivalry among competing sellers include**

A) high barriers to entry, low buyer switching costs, and weakly differentiated products among rival sellers.
B) slow growth in buyer demand, low barriers to entry, low degrees of customer loyalty, and strongly differentiated products.
C) low barriers to entry and weakly differentiated products among rival sellers.
D) <u>rapid growth in buyer demand, high barriers to entry, and high buyer switching costs.</u>
E) low buyer switching costs, low barriers to entry, and rival sellers that are relatively equal in size and capability.

**19. Based on Figure 3.4, which of the following is not a typical competitive weapon that a company can use to battle rivals and attract buyers?**

A) Offering low interest rate financing
B) Having strong product innovation capabilities
C) <u>Having the biggest production plant of any company in the industry</u>
D) Creating a stronger and more widely known brand image and reputation
E) Having a better performing or higher quality product

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**20. The key success factors in an industry**

A) <u>are those competitive aspects that most affect industry members' abilities to prosper in the marketplace-the particular strategy elements, product attributes, resource strengths, competitive capabilities, and market achievements that spell the difference between being a strong competitor and a weak competitor (and sometimes the difference between profit and loss).</u>

B) are determined by the industry's driving forces, by the number of different strategic groups in the industry, and by the number of different competitive strategies that industry members are employing.
C) relate to the kinds of business models and strategies that a company must employ in order to be profitable, win a competitive edge, and give the company a chance at being the global market leader
D) relate to the specific characteristics and traits that a company must incorporate in its strategy in order to be profitable.
E) concern those factors that play a major role in whether a company gains a sustainable competitive advantage.

# Hoofdstuk 4

**1. According to Figure 4.1, which of the following is not pertinent in identifying a company's present strategy?**

A) Efforts to expand or narrow the company's geographic coverage and the efforts being made to build competitive advantage
B) The company's moves to respond and react to changing conditions in the macro-environment and in industry and competitive conditions
C) <u>The number and type of core competencies a company has and the kinds of activities that comprise its value chain</u>
D) Management's planned, proactive moves to attract customers and outcompete rivals
E) The key functional strategies (R&D, supply chain management, production, sales and marketing, HR, and finance) a company is employing

**2. Which of the following is an accurate interpretation of the overall strength scores that result from doing a competitive strength assessment (as illustrated in Table 4.3 and explained in the accompanying discussion)?**

A) High scores indicate which rivals are most vulnerable to competitive attack and low scores indicate companies with strong defenses against competitive attack.
B) The company with the highest score is excellently positioned to have the biggest market share in the industry while the company with the lowest score is likely to have the lowest market share in the industry.
C) The company with the highest score is excellently positioned to be the most profitable company in the industry while the company with the lowest score is likely to be the least profitable company in the industry.
D) The company with the highest score has the most resources strengths and competitive capabilities while the company with the lowest score has the fewest resources strengths and competitive capabilities.
E) <u>The higher a company's overall strength score the stronger is its competitiveness and ability to compete successfully against rival industry members; low scores signal weak competitiveness and probable competitive disadvantage vis-a-vis rivals with higher scores.</u>

**3. The best example of a company strength is**

A) having higher earnings per share than key rivals.
B) being able to deliver products to customers within 5 business days.

C) <u>having proven technological expertise and ability to churn out new and improved products on a regular basis.</u>
D) having an above-average market share.
E) having more distribution centers than any other company in the industry.

**4. In a weighted competitive strength assessment (like the one illustrated in Table 4.3), the measures selected as indicators of competitive strength should be based on**
A) <u>industry key success factors and other important determinants of the degree to which industry members will be competitively successful.</u>
B) those factors that are the biggest determinants of company market shares.
C) those factors that are the biggest determinants of a company's revenues and sales volume.
D) those factors that are the biggest determinants of company profitability.
E) those factors and product attributes that buyers will find most appealing.

**5. Benchmarking involves**
A) using company financial statements to determine which companies in an industry have the lowest overall cost per unit sold.
B) <u>comparing how different companies perform various value chain activities and then making cross-company comparisons of the costs of these activities.</u>
C) comparing the best practice costs of one company against the best practice costs of its rivals.
D) using activity-based cost accounting to determine how a company's resource costs compare against the resource costs of its close rivals.
E) comparing the best practices in one industry against the best practices in another industry.

**6. Which of the following is not one of the five questions that comprise the task of evaluating a company's resource capabilities, relative cost position, and competitive strength versus rivals?**
A) Are the company's resources and capabilities attractive and well-matched to its market opportunities and external threats?
B) <u>What are the company's most profitable geographic market segments?</u>
C) How well is the company's present strategy working?
D) Are the company's prices and costs competitive?
E) Is the company competitively stronger or weaker than key rivals?

**7. For a company to translate its performance of value chain activities into competitive advantage, it must**
A) perform its value chain activities more proficiently (such that it develops competencies and capabilities that rivals do not have) or else perform its value chain activities more cost effectively (such that it achieves a low-cost advantage over rivals).
B) build an innovative value chain that allows it to produce the highest quality product in the industry.
C) have more competitive assets than competitive liabilities.
D) <u>have more core competencies and distinctive competencies than rivals.</u>

E) develop a value chain with few support activities (so as to keep costs low) and focus only on performing only those primary activities that deliver the most value to customers

**8. In Table 4.2, which one of the following is <u>not</u> an example of a potential market opportunity that a company may have?**

A) Online sales via the Internet
B) <u>Several of the company's weak competitors are acquired by one of the company's strong competitors, thus making it easier to steal away customers of the weak competitors</u>
C) Falling trade barriers in attractive foreign markets
D) Expanding into new geographic markets
E) Openings to exploit emerging new technologies

**9. According to the illustration in Table 4.3 and the accompanying discussion of weighted competitive strength assessment, the company with the highest overall strength score**

A) should be expected to be the most profitable company in the industry and the company with the lowest score is generally destined to have the lowest profits (which may also mean losing more money than any other company in the industry).
B) has the best portfolio of resource strengths in the industry and the company with the lowest score has the worst portfolio of resource strengths in the industry.
C) is well-positioned to capture the biggest market share in the industry and the company with the lowest score is generally destined to have the smallest market share in the industry
D) has the best strategy in the industry and the company with the lowest score has the worst strategy in the industry
E) <u>enjoys a net competitive advantage vis-à-vis key rivals, with the size of its advantage being signaled by how much its overall strength score exceeds the overall strength scores of each of the other companies included in the assessment.</u>

**10. Which one of the following is not part of the task of identifying the strategy-related issues and problems that merit the front-burner attention of company managers?**

A) <u>Determining what the company's future strategy needs to be in light of all the strategic problems and issues</u>
B) Drawing on what was learned from having analyzed the company's industry and competitive environment
C) Drawing on the evaluations of the company's own resources, internal circumstances, and competitiveness
D) Determining what challenges/obstacles/roadblocks the company has to overcome in order to be financially and competitively successful in the years ahead
E) Developing a "worry list" of "how to...," "whether to....," and "what to do about..."

**11. Which one of the following is not a part of determining whether a company's prices and costs are competitive?**

A) <u>Resource value analysis</u>
B) Activity-based cost accounting
C) Benchmarking

D) The costs of a company's internally performed activities
E) The value chain costs of a company's competitively relevant suppliers and forward channel allies (distributors/dealers)

**12. When a company performs an activity quite well and that activity is central to its strategy and competitiveness, it is said to have**

A) a distinctive competence.
B) a company competence.
C) the potential for a competitive advantage over rivals.
D) a resource strength.
E) <u>a core competence.</u>

**13. In Table 4.2, which one of the following is not an example of a potential resource weakness or competitive deficiency that a company may have?**

A) No clear strategic direction
B) Inferior intellectual capital relative to rivals
C) <u>No distinctive competence in producing a high-quality product</u>
D) No well-developed or proven core competencies
E) A weaker dealer network than key rivals and/or lack of adequate global distribution capability

**14. Which of the following statements about company value chains is false?**

A) The exact nature of the activities that make up a company's value chain vary according to the specifics of a company's business.
B) Unless an enterprise succeeds in creating and delivering sufficient value to buyers to produce revenues big enough to cover the costs of its value chain activities and yield an attractive profit and return on invested capital, it can't survive for long.
C) The "outputs" of an organization's value chain activities are value for the buyer and revenue for itself; the "inputs" of an organization's value chain are all of the resources required to conduct its various value chain activities-these resources all have costs.
D) There is a profit margin component to a company's value chain because the value delivered to the customer (as reflected in the price the customer agrees to pay) customarily includes an allowance for profit to compensate owners/shareholders for the risks they have borne and a return on the capital they have invested in the enterprise.
E) <u>Identifying the primary and secondary activities that comprise a company's value chain is called benchmarking.</u>

**15. A company's options for lowering the costs of internally-performed value chain activities do not include**

A) investing in productivity-enhancing, cost-saving technological improvements.
B) redesigning the product or some of its components to either eliminate the use of high-cost components or facilitate speedier and more economical manufacture or assembly.
C) implementing the use of best practices, particularly for high-cost activities.

D) relocating high-cost activities to lower-cost geographic locations.
E) <u>working closely with suppliers and/or distribution-related allies to eliminate costs in their portions of the company's value chain system.</u>

**16. SWOT analysis**
A) is a reliable way to identify the drivers of a company's profitability.
B) is a potent analytical tool for identifying the reasons why a company's strategy is or is not working very well.
C) <u>is a simple and powerful tool for evaluating whether a company's overall situation is fundamentally healthy or unhealthy.</u>
D) reveals whether a company has competitively stronger resources and capabilities than its closest rivals.
E) is a tool for gauging how well a company's strategy is matched to industry key success factors.

**17. In Table 4.2, which of the following is not an example of an external threat to a company's future profitability?**
A) Growing bargaining power on the part of the company's major customers and/or major suppliers
B) Costly new regulatory requirements
C) Growing buyer interest in purchasing substitute products
D) <u>Having too few resource capabilities that are well-matched to the company's available market opportunities</u>
E) Adverse demographic changes that threaten to curtail demand for the industry’s product

**18. A company's value chain**
A) depicts all of the different activities a company performs and indicates what percentage of the company's total profits is contributed by each of the various activities.
B) consists of the primary activities that it performs in seeking to deliver value to shareholders in the form of higher dividends and a higher stock price.
C) depicts all of the different activities a company performs and indicates how much each activity contributes to the overall shareholder value.
D) <u>consists of two broad categories of activities: the primary activities that are foremost in creating value for the customer and the requisite support activities that facilitate and enhance the performance of the primary activities.</u>
E) concerns the basic process the company goes through in performing R&D and developing new products.

**19. Which one of the following is not part of conducting a SWOT analysis?**
A) Translating the conclusions about the company's overall business situation into actions for improving the company's strategy and business prospects
B) Drawing conclusions about the attractive and unattractive aspects of company's overall business situation and deciding where on the scale from "alarmingly weak" to "exceptionally strong" its situation ranks
C) Identifying a company's market opportunities and the external threats to its future profitability and well-being

D) Determining whether the company's resource strengths are appropriately matched to the industry's key success factors
E) Identifying a company's resource strengths and competitive capabilities

**20. The competitive power of a company resource strength is not measured by which one of the following tests?**
A) Is the resource strength durable-does it have staying power?
B) Does the resource strength help the company achieve lower costs than rivals?
C) Can the resource strength be trumped by the different resource strengths and competitive capabilities of rivals?
D) Is the resource strength hard to copy?
E) Is the resource really competitively superior?

# Hoofdstuk 5

**1. A low-cost leader's basis for competitive advantage is**
A) superior ability to keep driving costs out of the business and thereby avoid any need to increase the prices charged to customers.
B) meaningfully lower overall costs than competitors.
C) the ability to deliver superior value to bargain-hunting buyers.
D) its frills-free product offering and its everyday low prices.
E) superior capability to be a first-mover on price.

**2. A company's competitive strategy is unlikely to result in good performance or sustainable competitive advantage unless**
A) it is able to strongly differentiate its product offering from the product offerings of rival firms.
B) it employs more best practices in performing its value chain activities than close rivals are employing in performing their value chain activities.
C) the strategy is aimed squarely at achieving a value-based competitive advantage.
D) the company pursues either a low-cost provider strategy or a focused low-cost strategy.
E) the company has a competitively valuable collection of resource strengths, competencies, and capabilities and unless its strategy is predicated on leveraging use of these resources.

**3. 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) Shifting to the use of technologies and/or information systems that bypass the need to perform certain value chain activities
C) Moving the performance of most all value chain activities to low-wage countries
D) Reducing materials handling and shipping costs by locating plants or warehouses close to customers
E) Streamlining operations by eliminating low value-added or unnecessary work steps and activities

**4. In which one of the following market circumstances is a broad differentiation strategy generally not well-suited?**

A) When technological change is fast-paced and competition revolves around rapidly evolving product features
B) When there are many ways to differentiate the product or service and many buyers perceive these differences as having value
C) <u>When the products of rivals are weakly differentiated and most competitors are resorting to clever advertising to try to set their product offerings apart</u>
D) When few rivals are pursuing a similar differentiation approach
E) When buyer needs and preferences are too diverse to be fully satisfied by a standardized product

**5. A broad differentiation strategy generally works best for a company in situations where**

A) most rivals are pursuing a differentiation strategy and are seeking to differentiate their products on the very same kinds of features and attributes.
B) price competition is vigorous, most companies in the industry spend heavily on advertising, and buyers purchase the product infrequently.
C) new and improved products are introduced only infrequently.
D) <u>buyer needs and uses of the product are diverse, there are many ways to differentiate the product or service and many buyers perceive these differences as having value, and few rivals are pursuing a similar approach to differentiation</u>
E) buyer brand loyalty is low, buyers prefer features and attributes that are inexpensive to incorporate, and buyers purchase the product frequently.

**6. The competitive value of achieving lower overall costs than rivals depends on**

A) <u>whether it is relatively easy or inexpensive for rivals to copy the low-cost leader’s methods or otherwise match its low costs—the more rapidly that a company’s cost advantage can evaporate the less valuable it is.</u>
B) how easy it is for the low-cost leader to attract price sensitive buyers by charging everyday low prices.
C) whether a company has sufficient financial strength to survive a price war.
D) the extent to which price sensitive buyers are attracted to purchase a frills-free product.
E) the extent to which charging lower prices than rivals enables a company to capture all available scale economies and operate its facilities at full capacity.

**7. Which of the following is not one of the pitfalls of a low-cost provider strategy?**

A) <u>Not cutting prices far enough below what rivals are charging to achieve dramatically large gains in sales volumes and market share</u>
B) Failing to emphasize avenues of cost advantage that can be kept proprietary or that relegate rivals to playing catch up
C) Pursuing low costs so zealously that a company’s product offering ends up being too features-poor to generate buyer appeal
D) Getting carried away with overly aggressive price-cutting to win sales and market share away from rival firms—higher unit sales and market shares do not automatically translate into higher total profits

E) Not being alert to the risks that an innovative rival may discover an even lower lower-cost value chain approach or that the firm's cost advantage can be undermined by cost-saving technological breakthroughs that are pioneered or quickly adopted by rival firms

**8. The two biggest factors that distinguish one competitive strategy from another concern**

A) the different competitive means that can be pursued to deliver superior value to customers and the different actions that can be pursued to deliver superior value to shareholders.
B) <u>whether a company's market target is broad or narrow and whether the company is pursuing a competitive advantage linked to low costs or differentiation.</u>
C) the different means that can be pursued to become the industry's low-cost provider and whether the intent of the strategy is aimed at being the industry's market share leader or most profitable company.
D) whether a company's top priority is to deliver superior value to customers or shareholders and whether a company is pursuing a competitive advantage linked to low price or superior quality.
E) the different functional area strategies that a company can pursue and the different operating strategies that a company can pursue.

**9. Successful differentiation allows a firm to**

A) <u>command a premium price for its product and/or increase unit sales (because additional buyers are won over by the differentiating features) and/or gain buyer loyalty to its brand (because some buyers are strongly bonded to the differentiating features of the company's product offering).</u>
B) take sales and market share away from rivals by undercutting them on price.
C) escape being dragged into a price war with industry rivals and avoid having to compete against substitute products.
D) attract sophisticated and prestigious buyers and thereby charge a price that is 20 to 25% higher than the industry's average price.
E) be the best-cost provider of a product or service having appealing attributes.

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

A) <u>serving buyers in the target market niche at a lower cost and lower price than rival competitors—this requires out managing rivals in performing value chain activities cost effectively and/or finding innovative ways to bypass certain value chain activities.</u>
B) offering those buyers comprising the target market niche a no-frills product at an absolute rock-bottom price.
C) convincing buyers comprising the target market niche that its product offering delivers more value for the money than the product offerings of other competitors.
D) performing the primary value chain activities at a lower cost per unit than can the industry's low-cost leaders.
E) totally dominating sales in one particular market niche.

**11. The basic types of competitive strategies include**

A) first-mover strategies, superior customer value strategies, low-price strategies, differentiation strategies, and focused strategies.
B) price leader strategies, price follower strategies, best value strategies, superior product performance strategies, and low-cost provider strategies.
C) low-cost/low price strategies, strongly differentiated strategies, weakly differentiated strategies, best value strategies, and focused strategies.
D) offensive strategies, defensive strategies, low-price strategies, focused strategies, and best overall value strategies.
E) low-cost provider strategies, broad differentiation strategies, best-cost provider strategies, focused low-cost strategies, and focused differentiation strategies.

**12. In which one of the following instances is a focused strategy keyed either to low-cost or differentiation not especially appropriate?**

A) The industry has many different niches and segments, thereby allowing a focuser to pick a competitively attractive niche suited to its resource strengths and capabilities
B) Few, if any, other rivals are attempting to specialize in the same target segment
C) The industry is growing rapidly, buyers needs and uses of the product are diverse, and not many buyers are price sensitive or value-conscious
D) Industry leaders do not see that having a presence in the niche is crucial to their own success—a condition that often allows focusers to avoid battling head-to- head against some of the industry's biggest and strongest competitors
E) It is costly or difficult for multisegment competitors to put capabilities in place to meet the specialized needs of buyers comprising the target market niche and at the same time satisfy the expectations of their mainstream customers

**13. A company can translate a low-cost advantage over rivals into attractive profit performance by**

A) aggressively pursuing manufacturing innovation so as to keep lowering its manufacturing costs and increasing its after-tax profit margins.
B) striving to capture all available economies of scale and thereby having the most efficient value chain in the industry.
C) either using its lower-cost edge to underprice competitors and attract price- sensitive buyers in great enough numbers to increase total profits or else by charging a price roughly equal to those of other low-priced rivals, being content with whatever market share it wins at this price, and relying on its ability to earn a bigger profit margin per unit sold (because the company's costs per unit are below the unit costs of rivals) to propel it to higher total profits.
D) using its ability to drive costs out of the business to achieve the absolute lowest possible costs and the absolute highest profit margins
E) charging everyday low prices for its products/services in order to gain the biggest (and thus most profitable) market share in the industry.

**14. Which of the following statements about a best-cost provider strategy is false?**

A) A company's biggest vulnerability in employing a best-cost provider strategy is getting squeezed between the strategies of firms using low-cost and high-end differentiation strategies.

B) The big appeal of a best-cost provider strategy is being able to offer buyers the industry's best-performing product at the best cost and best (lowest) price in the industry.
C) To be successful, a best-cost provider must offer buyers significantly better product attributes in order to justify a price above what low-cost leaders are charging; likewise, it has to achieve significantly lower costs in providing upscale features so it can outcompete high-end differentiators on the basis of a significantly lower price.
D) Unless a company has the resources, know-how, and capabilities to incorporate upscale product or service attributes at a lower cost than rivals, adopting a best- cost strategy is ill-advised.
E) A company enjoys "best cost" status when it is able to incorporate appealing features, good-to-excellent product performance or quality or more satisfying customer service into its product offering at a lower cost than rivals whose product offerings have similar upscale attributes.

**15. A broad differentiation strategy enhances company profitability whenever**
A) the differentiating features are costly for rivals to copy (this is because expensive attributes are perceived by buyers as more valuable and worth paying more for).
B) it causes customers to be more brand loyal.
C) it allows a company to take sales and market share away from rivals.
D) a company does not have to spend much money on achieving the differentiation.
E) a company's product can command a sufficiently higher price or produce sufficiently bigger unit sales to more than cover the added costs of achieving the differentiation.

**16. A low-cost provider strategy works best when**
A) buyers are not very brand-conscious, buyer bargaining power is strong, and there are few ways to achieve product differentiation that have value to buyers.
B) most rivals are trying to be best-cost providers, many sellers have wide product selection so as to appeal to as many different kinds of buyers as possible, and focused strategies are ineffective.
C) most rivals are pursuing focused low-cost or focused differentiation strategies, buyer switching costs are low, buyer needs and uses of the product are diverse, and competition revolves around rapidly evolving product features.
D) many other sellers are also employing a low-cost provider strategy, buyers use the product in much the same ways, technology is changing rapidly, and buyer interest in differentiated products is growing.
E) there are many ways to achieve product differentiation that have value to buyers, price competition is vigorous, and buyer needs and uses of the product are diverse.

**17. 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) Selling direct to consumers and cutting out the activities and costs of distributors and dealers
B) Being alert to the cost advantages of outsourcing and vertical integration
C) Substituting the use of low-cost for high-cost raw materials or component parts.
D) Using online systems and sophisticated software to achieve operating efficiencies
E) Pursuing ways to reduce labor cost

**18. The most appealing approaches to differentiation are those that**

A) allow a company to boost its price by 10% or more.
B) are costly to incorporate (because expensive attributes are perceived by buyers as more valuable and worth paying more for).
C) cause customers to be more brand loyal.
D) <u>are hard or expensive for rivals to duplicate—easy-to-copy differentiating features cannot produce sustainable competitive advantage.</u>
E) can be cleverly advertised.

**19. The chief difference between a broad differentiation strategy and a focused differentiation is**

A) the number of upscale attributes incorporated into the product offering—a broad differentiation strategy entails having a bigger number of upscale attributes than does a focused differentiation strategy.
B) <u>the size of the buyer group that a company is trying to appeal to—a broad differentiation strategy is aimed at many buyer groups and market segments and a focused differentiation strategy is aimed at appealing to the unique preferences and needs of a narrow well-defined group of buyers.</u>
C) the degree to which the product is differentiated from the product offerings of rivals—a broad differentiation strategy concentrates on achieving a stronger degree of differentiation than does a focused differentiation strategy.
D) the type of value chain being used to achieve a differentiation-based competitive advantage—a broad differentiation strategy requires a more complex and sophisticated value chain than does a focused differentiation strategy.
E) the degree to which emphasis is placed on better product performance versus better product quality versus better customer service.

**20. Best-cost provider strategies**

A) 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.
B) aim at using the best operating practices to achieve lower costs and charge lower prices than companies pursuing low-cost provider strategies.
C) deliver superior value to buyers by providing them a top-of-the-line product at a below-average market price.
D) <u>aim at a competitive advantage based on giving customers more value for the money—it entails using company resources and capabilities to incorporate attractive upscale attributes at a lower cost than those rivals with comparable upscale product offerings, thereby putting the company in a position to underprice rivals whose products have similar upscale attributes.</u>
E) seek to attract buyers on the basis of charging the best price for a mid-quality, average-performing product.

# Hoofdstuk 6

**1. Based on Figure 6.1, which one of the following is not a strategic action that a company can take to complement its choice of one of the five basic competitive strategy options and maximize the power of its overall strategy?**

A) Initiating offensive and/or defensive strategic moves
B) <u>Initiating actions to compete globally instead of nationally</u>
C) Entering into strategic alliances or partnerships with other enterprises
D) Initiating actions to outsource certain value chain activities instead of performing them in-house
E) Considering whether advantage or disadvantage lies in being a first- mover, a fast follower, or a late-mover-when to make a strategic move can be as important as what strategic move to make

**2. A good example of vertical integration is**

A) a hospital opening up a wellness and fitness center.
B) a large seafood restaurant opening a retail store specializing in fresh seafood.
C) a large global bank acquiring a small local or regional bank.
D) a fast food chain acquiring a chain of casual dining restaurants.
E) <u>a company that refines crude oil into gasoline purchasing a firm engaged in drilling and exploring for oil.</u>

**3. Experience indicates that strategic alliances**

A) are generally successful.
B) are more durable and successful when they are aimed at helping the partners achieve a sustainable competitive advantage in their respective businesses.
C) <u>stand a reasonable chance of helping a company reduce competitive disadvantage but very rarely are a good strategic option for gaining a durable competitive edge over rivals.</u>
D) are seldom useful in helping a company win the race for global industry leadership or in helping a company to establish a strong position in an industry of the future.
E) often provide the partners with win-win outcomes in reducing costs but seldom work well in promoting faster rates of product innovation.

**4. In which of the following instances is being a first-mover not particularly advantageous?**

A) When the first-mover is employing a blue ocean strategy
B) When the first-mover is pioneering a new technology rather than a new product
C) When the first-mover already has a sizable global market share
D) When a pioneer is already the industry’s low-cost provider or best-cost provider
E) <u>When first-time customers do not remain strongly loyal to pioneering firms in making repeat purchases</u>

**5. 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 overcome deficiencies in their technical and manufacturing expertise and bring together the personnel and expertise needed to create desirable new skill sets and capabilities
B) <u>To enable greater vertical integration</u>
C) To expedite the development of promising new technologies or products
D) To acquire or improve access to new markets through joint marketing agreements
E) To improve supply chain efficiency

**6. Mergers and acquisitions typically aim at achieving such objectives as**

A) reducing the number of industry key success factors, enabling a company to shift from one competitive strategy to another, and improving product quality.
B) transforming an important core competence into a distinctive competence, acquiring the bigger work force needed to capture economies of scale, better defending against external threats to the company's continued profitability, and boosting total profits to levels that shareholders consider satisfactory.
C) facilitating company efforts to pursue a blue ocean strategy, creating more core competencies, and quickly acquiring a bigger customer base.
D) putting a company in better position to deliver superior value to buyers, increasing company revenues, having a bigger and more experienced work force, and becoming a global market leader.
E) <u>expanding a company's geographic coverage, creating a more cost- efficient operation out of the combined companies, and/or extending the company's business into new product categories.</u>

**7. The two best reasons for investing company resources in vertical integration (either forward or backward) are to**

A) gain internal control over a bigger portion of the industry value chain and/or facilitate a company's efforts to expand into foreign geographic markets.
B) reduce operating costs and/or gain a first mover advantage over rivals in introducing next-generation products.
C) improve the effectiveness of defensive actions to protect the company's market position and/or enable the company to be a leader in product innovation.
D) <u>strengthen the company's competitive position and/or boost its profitability.</u>
E) achieve a higher degree of product differentiation and/or shorten the time it takes to get new and improved products into the marketplace.

**8. Which of the following conditions do not constitute a late-mover advantage (or first-mover disadvantage)?**

A) When pioneering leadership is more costly than imitating followership
B) When the demand side of the marketplace is skeptical about the benefits of a new technology or product being pioneered by a first-mover.
C) When rapid market evolution (due to fast-paced changes in either technology or buyer preferences) gives fast-followers and maybe even cautious late-movers the opening to leapfrog a first-mover's products with more attractive next-version products.
D) When the products of an innovator are somewhat primitive and do not live up to buyer expectations, thus allowing a clever follower to win disenchanted buyers away from the leader with better-performing products.

E) When buyer demand for a late-mover's product offering is rising

**9. The strategic impetus for forward vertical integration is to**

A) develop greater expertise in sales and marketing activities.
B) bypass distributors-dealers and sell direct to consumers at the company's Web site.
C) greater ability to control the retail price at which its products are sold.
D) achieve the same scale economies as wholesale distributors and/or retail dealers.
E) gain better access to end users and build stronger brand awareness.

**10. Which of the following is not one of the principal offensive strategy options?**

A) A blue ocean strategy
B) Leapfrogging competitors by being the first adopter of next-generation technologies or being first to market with next generation products
C) Offering an equally good or better product at a lower price
D) Blocking the avenues open to challengers
E) Pursuing continuous product innovation to draw sales and market share away from less innovative rivals.

**11. A strategic alliance or partnership**

A) has the distinct disadvantage of preventing a company from being totally independent and self-sufficient with regard to each and every skill, resource, and capability it may need.
B) is an important device that allows rivals firms to operate their businesses in a more collaborative and cooperative fashion rather than resorting to competitive warfare that erodes their respective profitability.
C) typically helps insulate a firm from the adverse impacts of both competitive pressures and industry driving forces, especially if the alliance is with suppliers.
D) has the advantage of being the cheapest means of developing new technologies and getting new products to market quickly.
E) is a formal agreement between two or more separate companies in which there is strategically relevant collaboration of some sort, joint contribution of resources, shared risk, shared control, and mutual dependence.

**12. One of the biggest Internet-related strategic issues facing many businesses is**

A) whether the prices it charges on its Web site should be higher or lower than the prices at which it sells to wholesale distributors and retail dealers.
B) what role the company's Web site should play in the company's competitive strategy—more specifically, to what degree should a company's Web site be used as a means for selling its products or services direct to users.
C) whether to employ a brick-and-click strategy or use its Web site as the exclusive channel for accessing buyers and conducting all customer related transactions.
D) how best to try to offset the company's competitive disadvantage vis-à- vis rivals that are using their Web sites to sell direct to consumers.
E) whether to have a company Web site

**13. A blue ocean type of offensive strategy**

A) Involves the use of highly creative, never-used-before strategic moves to attack the competitive weaknesses of rivals.

B) involves guerilla warfare to secure an advantageous position in a fast- growing market segment.
C) is an offensive attack used by a market leader to steal customers away from unsuspecting smaller rivals.
D) works best when a company is the industry's low-cost leader and has a sizable market share.
E) 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.

**14. Which of the following is not among the potential benefits that a company can gain by outsourcing value chain activities presently performed in-house?**

A) Allowing a company to assemble diverse kinds of expertise speedily and efficiently
B) Improving a company's ability to strongly differentiate its product, lowering the costs of integrating both forward and backward, and transferring the risk of adverse changes in buyer demand for the company's product to outside vendors.
C) Allowing a company to concentrate on its core business, leverage its key resources, and do even better what it already does best
D) Providing a means of performing an activity better or more cheaply, especially when outsourcing the activity from capable outside specialists won't hollow out a company's core competencies, capabilities, or technical know-how
E) Helping to streamline company operations in ways that improve organizational flexibility and cut the time it takes to get new products into the marketplace.

**15. Which of the following is not a potential defensive move to ward off challenger firms?**

A) Maneuvering around competitors and concentrating on capturing unoccupied or less contested market territory
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) Making an occasional strong counterresponse to the moves of weak competitors to enhance the firm's image as a tough defender
D) Granting volume discounts or better financing terms to dealers/distributors and providing discount coupons to buyers to help discourage them from experimenting with other suppliers/brands
E) Maintaining a war chest of cash and marketable securitie

# Hoofdstuk 7

**1. Which one of the following is not a reason why a company decides to enter foreign markets?**

A) To gain access to more buyers for the company's products/services
B) To spread business risk across a wider geographic market base
C) To further exploit capabilities and resource strengths
D) To achieve lower costs and thereby become more cost competitive

E) <u>To build the profit sanctuaries necessary to wage guerilla offensives against global challengers endeavoring to invade its home market</u>

**2. A manufacturer that exports goods made at its U.S. plants for shipment to foreign markets**

A) is largely unaffected by fluctuating exchange rates and has no interest in whether the U.S. dollar grows stronger or weaker vis-a-vis other currencies so long as its chief competitors are other manufacturers with U.S. plants.
B) is largely unaffected by fluctuating exchange rates and has no interest in whether the U.S. dollar grows stronger or weaker vis-a-vis other currencies so long as its chief competitors arye manufacturers based in foreign countries.
C) views a weaker U.S. dollar (vis-a-vis the currencies of the countries to which it is exporting) as an unfavorable exchange rate shift.
D) <u>views a weaker U.S. dollar (vis-a-vis the currencies of the countries to which it is exporting) as a favorable exchange rate shift.</u>
E) views a stronger U.S. dollar (vis-a-vis the currencies of the countries to which it is exporting) as a favorable exchange rate shift.

**3. According to Figure 7.2, which of the following does not accurately characterize the differences between a localized multicountry strategy and a global strategy?**

A) A global strategy entails pursuing the same basic competitive strategy worldwide whereas a multicountry customizing the company's competitive approach as needed to fit market and business circumstances in each host country.
B) global strategy stresses building a global brand name whereas a multicountry strategy often entails selling different product versions in different countries under different brand names.
C) <u>A global strategy involves striving to minimize worldwide shipping costs whereas a multicountry strategy entails a willingness to tolerate high shipping costs in the interest of minimizing overall production costs.</u>
D) A global strategy tends to involve locating plants based on whatever locations are most advantageous whereas a multicountry strategy entails scattering plants across many host countries, each making product versions for local markets.
E) A global strategy often entails use of the best suppliers from anywhere in the world whereas a multicountry strategy can entail extensive use of local suppliers (especially if local governments have local content requirements (meaning that many of the components and much of the labor used in making a product must come from local sources).

**4. When the Brazilian real declines in value against the euro, a European-based company that makes all of its goods at a plant in Brazil and then exports the Brazilian-made goods to those European countries where the currency is euros**

A) <u>is in better position to compete against the makers of the same good whose plants are located in euro-based European countries</u>
B) is in worse position to compete against the makers of the same good whose plants are located elsewhere in the world.
C) is in worse position to compete against the makers of the same good whose plants are located in euro-based European countries.
D) is likely to lose sales and market share and become less profitable.

E) has no interest in whether the euro grows stronger or weaker versus the Brazilian real.

**5. The defining characteristic of multicountry competition is**

A) significant variations in the sales revenues and market shares of rival companies from country to country.
B) varying entry barriers from country to country.
C) <u>a market situation where there's so much cross-country variation in market conditions and in the companies contending for leadership that the market contest among rivals in one country is not closely connected to the market contests in other countries.</u>
D) big variations in the prices of rival sellers from country to country.
E) big variations in market size and rates of market growth from country to country.

**6. Competing in one or more countries or regions of the world makes strategy-making more complex because of**

A) <u>the risks of adverse shifts in currency exchange rates and the presence of important cross-country differences in buyer tastes, market sizes, and growth potential.</u>
B) the imperatives of crafting a different strategy for each different country in which a company competes.
C) the need to customize a company's product offerings to fit the circumstances of each different country market in order to be successful and profitable.
D) the difficulties of charging the same price for the company's product or service in all countries where the company decides to compete.

**7. The advantages of using a franchising strategy to pursue opportunities in foreign markets include**

A) increased ability to build well-protected profit sanctuaries in foreign country markets.
B) <u>having franchisees bear most of the costs and risks of establishing foreign locations and requiring the franchiser to expend only the resources to recruit, train, support, and monitor foreign franchisees.</u>
C) increased ability to capitalize on varying buyer tastes and preferences from country to country.
D) being well suited to companies who can benefit from increased economies of scale in their domestic manufacturing plants.
E) increased ability to adopt act global, think local strategic approaches.

**8. Which of the following is not among the important strategic issues associated with competing across national boundaries?**

A) Whether to customize the company's offerings in each different country market to match the tastes and preferences of local buyers or to offer a mostly standardized product worldwide
B) Where to locate the company's production facilities, distribution centers, and customer service operations so as to realize the greatest location advantages
C) Whether to employ essentially the same basic competitive strategy in all countries or modify the strategy country by country
D) <u>How many foreign firms to license to produce and distribute the company's products</u>
E) How to efficiently transfer the company's resource strengths and capabilities from one country to another in an effort to secure competitive advantage

**9. Profit sanctuaries**

A) refer to country markets where a company does not have to compete against low-cost foreign rivals.
B) refer to country markets where a company has a 75% or greater market share.
C) <u>are country markets (or geographic regions) in which a company derives substantial profits because of its strong or protected market position.</u>
D) are best created by building a distinctive competence in product innovation.
E) are usually the result of having technologically-advanced plants and access to low-cost raw materials.

**10. Which of the following is not one of the primary strategy options for competing in the markets of foreign countries?**

A) Maintaining a national (one-country) production base and exporting goods to foreign markets
B) A global strategy where a company uses essentially the same competitive strategy approach in all country markets where it has a presence
C) Franchising and licensing strategies
D) A multicountry strategy (where a company pursues a custom-tailored country-by-country approach in accordance with local competitive conditions and buyer tastes and preferences)
E) Forming alliances and partnerships with the local companies in every country market where the company opts to compete so as to facilitate use of an act global, think local strategic approach.

D?

**11. Which of the following is not a potential benefit of collaborative strategies involving alliances and/or joint ventures with foreign partners?**

A) Increased ability to enter the markets of foreign countries
B) Greater ability to capture scale economies in production and/or marketing
C) The opportunity to learn from the skills, technological know-how, and capabilities of alliance partners and implant the knowledge and know-how of these partners in personnel throughout one's own company
D) <u>Greater ability to employ offensive strategies and build well-protected profit sanctuaries</u>
E) The appeal of sharing distribution facilities and dealer networks, thus mutually strengthening each partner's access to buyers

**12. A "think global, act global" approach to strategy-making is preferable to a "think local, act local" approach when**

A) a company has worldwide distribution capability and a sales force big enough to cover all the world's major geographic markets.
B) a company has the financial capability to minimize the effects of unfavorable shifts in exchange rates.
C) cross-country shipping costs are high
D) <u>country-to-country differences are small enough to be accommodated with the framework of a mostly uniform global strategy.</u>

E) many of a company's rivals are pursuing export strategies.

**13. A company is said to be "dumping" when**

A) it prunes its product line of unprofitable items.
B) it sells its goods in certain countries at prices that are (1) well below the prices at which it normally sells elsewhere or (2) well below its full costs per unit.
C) it closes its operations in those foreign countries where it is losing money.
D) it deliberately tries to rid itself of unprofitable or unwanted customers.
E) it deliberately tries to lose market share to rivals.

**14. A firm can seek to gain competitive advantage or counteract disadvantages in foreign country markets by**

A) employing a multicountry strategy instead of a global strategy.
B) doing whatever it takes to build multiple profit sanctuaries in foreign markets.
C) using an export strategy to circumvent the risks of adverse exchange rate fluctuations.
D) avoiding the use of costly offensive strategies.
E) locating certain facilities and value chain activities in particular countries in order to lower costs or achieve greater product differentiation.

**15. Which of the following is the most unlikely element of a localized multicountry strategy?**

A) Promoting the building of a single, unified competitive advantage in all country markets where a company competes
B) Heavy reliance on local suppliers (use of some local suppliers may be mandated by host governments)
C) Marketing and distribution adapted to the buying habits, customs, and culture of each host country
D) Plants scattered across many host countries, each producing product versions for local area markets
E) Strong responsiveness to local conditions in each country market

# Hoofdstuk 8

**1. A business unit's relative market share is**

A) calculated by subtracting the industry-average market share from a company's market share to determine how much a company's market share is above/below the industry average market share.
B) is the best single indicator of whether a particular business unit is a cash cow or a cash hog--cash cow businesses have relative market shares above 0.50 and cash hog businesses have relative market shares below 0.5.
C) calculated by dividing a company's share of total industry revenues by the industry-average market share to determine the percentage by which a company's share of total industry revenues is above/below the industry average.
D) calculated by dividing a business's percentage share of total industry sales volume by the percentage share held by its largest rival—it is a better indicator of a business's competitive strength than is a simple percentage measure of market share

(this is because a company with a 15% share is in a much stronger competitive position if its largest rival has a share of 10% (which means its relative market share is 1.5) than it is if its largest rival has a 30% market share (in which case the company's relative market share is only 0.50).

E) calculated by dividing a company's market share (based on unit sales volume) by the industry-average market share (based on unit sales volume) to determine the percentage by which a company's market share (based on unit sales volume) is above/below the industry average.

**2. According to Figure 8.6, which one of the following is not a reasonable option for deploying a diversified company's financial resources?**

A) Funding long-range R&D ventures aimed at opening market opportunities in new or existing businesses
B) Divesting cash hog businesses and using the proceeds to fund capital investments in promising cash cow businesses
C) Paying down existing debt, increasing dividends, or repurchasing shares of the company's common stock
D) Making acquisitions to establish positions in new businesses or to complement existing businesses
E) Investing in ways to strengthen or grow existing businesses

**3. The top-level executive task of crafting a diversified company's overall or corporate strategy does not include which one of the following?**

A) Deciding which of the five basic competitive strategies that each of the company's different businesses should employ
B) Pursuing opportunities to leverage cross-business value chain relationships and strategic fits into competitive advantage
C) Picking new industries to enter and deciding whether to enter the industry by starting a new business from the ground up, acquiring a company already in the target industry, or forming a joint venture or strategic alliance with another company
D) Evaluating the growth and profitability prospects for each business and then investing aggressively in the most promising businesses with the best prospects, investing cautiously in businesses with just average prospects, and divesting businesses with unacceptable prospects
E) Initiating actions to boost the combined performance of the businesses the firm has entered

**4. 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—the overriding thesis here is that a diversified company's prospects for good overall

performance are enhanced by concentrating corporate resources and strategic attention on those business units having the greatest competitive strength and positioned in highly attractive industries.

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) its ability to pinpoint which businesses have the biggest competitive advantages and which ones confront serious competitive disadvantages.

E) ranking a company's different business units from best to worst based on how much strategic fit and resource fit each unit has with its sister businesses.

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

A) whether the competitive strategies of the various sister businesses are compatible and properly aimed at achieving a common competitive advantage.

B) whether the parent's company's competitive advantages are being deployed to maximum advantage in each of its business units.

C) whether the competitive strategies employed in each business act to reinforce the competitive power of the strategies employed in the company's other businesses.

D) whether the competitive strategies in each business possess good strategic fit with the parent company's corporate strategy.

E) the extent to which there are competitively valuable relationships between the value chains of sister business units that present opportunities 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.

**6. The essential requirement for different businesses to qualify as being "related" is that**

A) the products of the different businesses are sold in the same types of retail stores.

B) their value chains possess competitively valuable cross-business relationships that present opportunities for the different businesses to perform better under the same corporate umbrella than they could by operating as stand-alone entities.

C) the products of the different businesses are bought by much the same types of buyers.

D) the businesses have supplier fit, distribution fit, and industry attractiveness fit.

E) the businesses have supplier fit and customer service fit.

**7. Which of the following are negatives or disadvantages of pursuing unrelated diversification strategies?**

A) Ending up with too many cash cow businesses and increased business risk

B) Reduced competitive strength in each of the unrelated business the company has diversified into and lost market opportunities because of having too few cash cow businesses

C) Thinner profit margins and increased likelihood that the company's financial resources will be spread thinly over too many different lines of business

D) Greater volatility in earnings and return on capital investment and reduced competitive strength because corporate resources are spread thinly over too many different lines of business
E) No potential for competitive advantage beyond what each individual business can generate on its own and demanding managerial requirements

**8. Retrenching to a narrower diversification base**

A) has the advantage of focusing a diversified firm's energies on building strong positions in a small number of core businesses and industries and avoiding the mistake of diversifying so broadly that resources and management attention are stretched thinly across many businesses.
B) is a particularly appealing strategy for broadly diversified companies that have too few cash cow businesses to cover the losses and negative cash flows being incurred in its cash hog businesses.
C) is a highly recommended strategic option for broadly diversified companies that have few resource strengths and are struggling to capture both economies of scale and economies of scope in their present businesses.
D) is usually the best strategy option for a broadly diversified company that is plagued with too little cross-business financial fit.
E) 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.

**9. Economies of scope**

A) are cost reductions that flow from operating in multiple businesses.
B) arise mainly from scale economy efficiencies in the production and distribution portions of the value chains of unrelated businesses.
C) are present whenever diversification satisfies the attractiveness test and the cost-of-entry test.
D) stem from cost-saving efficiencies that arise when sister business operate over a wider geographic area.
E) stem from cost-saving efficiencies that arise when sister business operate over a wider geographic area.

**10. For there to be reasonable expectations of producing added long-term shareholder value, a move to diversify into a new business must pass which of the following tests?**

A) The revenue growth test, the industry competitiveness test, the risk avoidance test, and the capital investment test.
B) The risk avoidance test, the competitive strength test, the industry attractiveness test, and the customer fit test.
C) The better-off test, the competitive advantage test, the profit expectations test, and the resource availability test.
D) The resource availability test, the revenue growth test, the industry fit test, and the stock price impact test.
E) The attractiveness test, the cost of entry test, and the better-off test.

**11. Diversifying into related businesses where competitively valuable strategic fit**

**benefits can be captured**

A) is the key to realizing the highest possible economies of scope and realizing a significantly higher return on capital investment.
B) is essential if a diversified company is to pass the value chain test, accelerate its growth in revenues and earnings, and build long-term value for shareholders.
C) enhances a company's ability to build a portfolio of distinctive competencies.
D) <u>puts sister businesses in position to perform better financially as part of the same company than they could have performed as independent enterprises, thus providing a clear avenue for boosting shareholder value.</u>
E) puts sister businesses in position to perform better financially as part of the same company than they could have performed as independent enterprises, thus providing a clear avenue for boosting shareholder value.

**12. A "cash cow" type of business**

A) is one that has substantially more current assets than current liabilities, such that its year-end cash on hand becomes progressively larger over time.
B) is a business with such a strong competitive advantage that it generates big profits, big returns on investment, and big cash surpluses after dividends are paid.
C) <u>generates positive cash flows over and above its internal requirements, thus providing a corporate parent with funds that can be used for financing new acquisitions, investing in cash hog businesses, and/or paying dividends.</u>
D) is one that is so profitable that it has no long-term debt.
E) is a business that generates unusually high profits and returns on equity investment.

**13. Which of the following is not part of the procedure for evaluating the pluses and minuses of a diversified company's strategy and deciding what actions to take to improve the company's performance?**

A) Ranking the performance prospects of the various businesses from best to worst and determining what the corporate parent's priorities should be in allocating resources to its different businesses
B) Checking whether the company's resources fit the requirements of its present business lineup
C) <u>Checking for conflicts/incompatibility among the competitive strategies of the company's different businesses</u>
D) Checking the competitive advantage potential of cross-business strategic fits among the company's various business units
E) Assessing the competitive strength of each business the company has diversified into and determining which ones are strong/weak contenders in their respective industries

**14. Calculating quantitative attractiveness ratings for the industries a company has diversified into involves**

A) <u>selecting a set of industry attractiveness measures, weighting the importance of each measure, rating each industry on each attractiveness measure, multiplying the industry ratings by the assigned weight to obtain a weighted rating, adding the weighted ratings for each industry to obtain an overall industry attractiveness score, and using the overall industry attractiveness scores to evaluate the attractiveness of all the industries, both individually and as a group.</u>

B) determining each industry's competitive advantage factors, calculating the ability of the company to be successful on each competitive advantage factor, and obtaining overall measures of the firm's ability to achieve sustainable competitive advantage in each of its industries based on the combined competitive advantage factor ratings.
C) rating the attractiveness of each industry’s strategic and resource fits, summing the attractiveness scores, and determining whether the overall scores for the industries as a group are attractive or not.
D) determining each industry's key success factors, calculating the ability of the company to be successful on each industry KSF, and obtaining overall measures of the firm's ability to compete successfully in each of its industries based on the combined KSF ratings.
E) identifying each industry's likely growth potential, rating the difficulty of actually achieving this growth potential, and deciding whether the company’s growth prospects are attractive or unattractive, industry-by-industry.

**15. Which of the following is the best example of unrelated diversification?**

A) A cable TV company buying a producer and distributor of movies.
B) <u>A producer of men’s apparel acquiring a maker of golf equipment.</u>
C) A maker of soaps and detergents acquiring a producer of frozen πfoods.
D) A frozen yogurt chain buying a chain of casual dining restaurants.
E) A maker of cell phones acquiring a developer of video games for handheld devices. Is dit niet C? Mannen kledij en golf equipment is toch meer related dan zeep en voeding? Eten en zeep is beide voor huishouden, kweetnie wa ge ziet tussen kledij en golf?    Kledij voor golfers fzo; Ik had ook C gevonden voor die reden. Ik denk ook C. Idem

**16. Which one of the following is not something that corporate executives must do to succeed in using a strategy of unrelated diversification to produce companywide financial results above and beyond what the businesses could generate operating as stand-alone entities?**

A) Be shrewd in identifying when to shift resources out of businesses with dim profit prospects and into businesses with above-average prospects for growth and profitability.
B) Be good at discerning when a business needs to be sold and also in finding buyers who will pay a price higher than the company’s net investment in the business
C) <u>Focus on acquiring businesses that offer the best opportunities for achieving global market leadership (thereby satisfying the industry attractiveness and competitive strength tests)</u>
D) Do an excellent job of negotiating favorable acquisition prices (thereby satisfying the cost-of-entry test)
E) Do a superior job of diversifying into new businesses that can produce consistently good earnings and returns on investment (thereby satisfying the attractiveness test).

**17. Strategic fit between two or more businesses exists whenever one or more activities comprising the value chains of different businesses are sufficiently similar to present opportunities**

A) to achieve large economies of scale.

B) to lower business risk, lower capital requirements, raise barriers-to-entry, and increase the number of core competencies a company has.
C) to achieve higher degrees of product differentiation, eliminate primary and secondary activities from the value chains of each of the businesses, and boost net profit margins.
D) to increase supplier fit and customer fit.
E) <u>to transfer competitively valuable expertise or technology or resources from one business to another and/or combine the related value chain activities of the separate businesses into a single operation to achieve lower costs.</u>

**18. Diversification merits strong consideration whenever a single-business company**
A) has achieved global industry leadership in its main line of business.
B) has no important core competencies or resource strengths in its principal business.
C) <u>encounters diminishing market opportunities and stagnating sales in its principal business.</u>
D) is struggling to earn a good profit.
E) faces strong competition.

**19. Based on the information presented in Figure 8.1, which of the following would not be something to look for in identifying a diversified company's strategy?**
A) Recent management actions to strengthen the company's positions in existing businesses and build positions in new industries
B) The company's approach to allocating investment capital and resources across its present businesses
C) Recent moves to build positions in new industries
D) <u>Actions over the past few years to substitute global strategies for multi-country strategies in one or more business units</u>
E) Whether the company's diversification is based narrowly in a few industries or broadly in many industries, whether it is pursuing related or unrelated diversification (or a mixture of both), and the recent moves it has made to divest weak businesses

**20. Different businesses are said to be "unrelated" when**
A) they are in different industries.
B) the products of the different businesses satisfy very different buyer needs.
C) the products of the different businesses are highly dissimilar.
D) <u>they have dissimilar value chains, containing no competitively useful cross- business relationships.</u>
E) the businesses utilize different types of production technologies and production processes.