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Macroeconomics Canadian 15th Edition Ragan **SOLUTIONS MANUAL**

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Strategic Management, 15e (David/David)

Chapter 2 The Business Vision and Mission

1) Vision and mission statements can often be found in the front of annual reports.

Answer: TRUE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

2) While vision and mission statements are part of numerous internal reports, they should never be displayed in a firm's premises.

Answer: FALSE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

3) The foundation for development of a comprehensive mission statement is provided by a clear vision.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

4) The mission statement should be short—preferably one sentence.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

5) When developing a vision statement, input should be received from as many managers as possible.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

6) If an organization chooses to have both a mission and a vision, the mission statement should be established first.

Answer: FALSE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

7) According to Peter Drucker, asking the question "What is our business?" is synonymous with asking the question "What is our vision?"

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

8) A mission statement is a declaration of an organization's reason for being.

Answer: TRUE

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

9) A mission statement, sometimes called a creed statement, can be defined as an enduring statement of purpose that distinguishes one organization from other similar enterprises.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

10) Small, nonprofit organizations never develop mission statements.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

11) A mission statement is a declaration of an organization's financial status.

Answer: FALSE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

12) A mission statement can sometimes be called a statement of philosophy.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

13) Carefully prepared statements of vision and mission are widely recognized as the first step in strategic management.

Answer: TRUE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

14) An important question a mission statement should answer is, "What do we want to become?"

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

15) Whereas the mission statement answers the question, "What do we want to become?" the vision statement answers the question, "What is our business?"

Answer: FALSE

Diff: 3

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

16) In order to motivate a workforce effectively, both profit and vision are needed.

Answer: TRUE

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

17) When developing a mission statement, it is usually advisable to involve as few managers as possible.

Answer: FALSE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

18) The first step in the process of developing a mission statement is to ask all participants to prepare what they believe the organization's mission should be.

Answer: FALSE

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

19) According to Campbell and Yeung, the process of developing a mission statement should create an "emotional bond" and "sense of mission" between the organization and its employees.

Answer: TRUE

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

20) According to Campbell and Yeung, an organization's vision is associated with behavior and with the present.

Answer: FALSE

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

21) According to King and Cleland, carefully developed and written mission statements provide a basis for organizing work, departments, activities, and segments around a common purpose.

Answer: TRUE

Diff: 1

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

22) Research has failed to find a positive relationship between mission statements and organizational performance.

Answer: FALSE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

23) Mission statements are sometimes difficult to derive because top management may disagree over company objectives.

Answer: TRUE

Diff: 2

AACSB: Reflective thinking

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

24) According to Drucker, the most important time for a company to develop mission and vision statements is when the company is experiencing financial difficulty.

Answer: FALSE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

25) In multidivisional organizations, each division should develop a mission statement consistent with and supportive of the corporate mission.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

26) One benefit of having a clear mission and vision is that it projects a sense of worth and intent to all stakeholders.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

27) A mission statement promotes a sense of shared expectations among all managers and employees.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

28) When a company has been successful the question "What is our business?" becomes unnecessary.

Answer: FALSE

Diff: 1

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

29) A mission statement is usually just a simple statement of specific details.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

30) A mission statement should be broad enough to reconcile differences among an organization's various stakeholders.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

31) Stakeholders of an organization include stockholders, customers and creditors, but not competitors.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

32) Individuals who own stock in a corporation are considered stakeholders.

Answer: TRUE

Diff: 1

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

33) Stakeholders both affect and are affected by an organization's strategic decisions.

Answer: TRUE

Diff: 1

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

34) Mission statements cannot be stated with too high a level of specificity.

Answer: FALSE

Diff: 2

AACSB: Reflective thinking

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

35) The relative attention an organization will devote to meeting the claims of various stakeholders is indicated in a good mission statement.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

36) Excess specificity can stifle creativity in the formulation of an acceptable mission or purpose.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

37) It is unusual for the claims and concerns of a company's stakeholders to vary or conflict.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

38) In most cases, at least 500 words are required to effectively state a mission statement.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

39) An effective mission statement generates the impression a firm is successful, has direction, and is worthy of time, support and investment.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

40) According to Vern McGinnis, an effective mission statement should define what the organization is and what the organization aspires to be.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

41) Having a clear mission and vision can provide a basis for a company's internal and external assessment.

Answer: TRUE

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

42) Good mission statements identify the utility of a firm's products to its customers.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

43) Attracting customers is a major reason for developing a mission statement.

Answer: TRUE

Diff: 1

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

44) AT&T's mission statement focuses on telephones rather than on communication.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

45) A mission statement that is limited enough to exclude some ventures is a poor mission statement.

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

46) A good mission statement serves as a framework for evaluating both current and prospective activities.

Answer: TRUE

Diff: 3

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

47) The operating philosophy of organizations should be to develop a product and then try to find a market for it.

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

48) One of the benefits of having a clear mission and vision is promoting a sense of shared expectations among all managers and employees.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

49) According to George Steiner, vagueness has no place in a good mission statement.

Answer: FALSE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

50) A mission statement should be broad in scope, since concrete specification could be the base for rallying opposition.

Answer: TRUE

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

51) Union Pacific's mission statement focuses on transportation rather than on railroads because good mission statements identify the utility of a firm's products to its customers.

Answer: TRUE

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

52) The utility statement, "Do not offer me attractive looks; offer me clothes," is relevant in developing a mission statement.

Answer: FALSE

Diff: 3

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

53) A firm's philosophy in a mission statement addresses the question, "What is the firm's distinctive competence?"

Answer: FALSE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

54) A firm's concern for employees in a mission statement addresses the question, "Is the firm responsive to social, community, and environmental concerns?"

Answer: FALSE

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

55) According to Peter Drucker, developing a clear business vision and mission is the first responsibility of strategists.

Answer: TRUE

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

56) A sense of self-concept is one of the nine components a good mission statement should include.

Answer: TRUE

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

57) Well-conceived and properly executed mission and vision statements do not need to be subject to revision.

Answer: FALSE

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

58) All of the following are mentioned as places where vision and mission statements can often be found EXCEPT

- A) SEC reports.
- B) annual reports.
- C) customer service agreements.
- D) supplier agreements.
- E) business plans.

Answer: A

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

59) Which statement is TRUE?

- A) Companies must choose between having a mission statement or a vision statement.
- B) A company can't have a mission statement unless it has a vision statement.
- C) A vision statement cannot be established until a company has developed its mission statement.
- D) The vision statement should be established before the mission statement.
- E) Companies are required by law to have both mission and vision statements.

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

60) Which of these basic questions should a vision statement answer?

- A) What is our business?
- B) Who are our employees?
- C) What are our challenges?
- D) What do we want to become?
- E) Who are our competitors?

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

61) Which type of statement should be created first and foremost?

- A) Creed
- B) Vision
- C) Objectives
- D) Mission
- E) Competitive advantage

Answer: B

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

62) The ideal length of a vision statement is

- A) one page.
- B) several paragraphs.
- C) one sentence.
- D) several sentences.
- E) as long as is necessary to convey the message.

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

63) Who is referred to as "the father of modern management"?

- A) Cleland
- B) Campbell
- C) Drucker
- D) McGinnis
- E) Yeung

Answer: C

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

64) What is the first step in the comprehensive strategic-management model?

- A) Developing vision and mission statements
- B) Performing external audits
- C) Performing internal audits
- D) Measuring and evaluating performance
- E) Establishing long-term objectives

Answer: A

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

65) According to the comprehensive strategic-management model, which step needs to be completed immediately following the establishment of long-term objectives?

- A) Developing vision and mission statements
- B) Performing external audits
- C) Performing internal audits
- D) Generating, evaluating, and selecting strategies
- E) Measuring and evaluating performance

Answer: D

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

66) The purpose of a mission statement is to declare all of these EXCEPT

- A) a reason for being.
- B) an annual financial plan.
- C) a statement of purpose.
- D) a statement of beliefs.
- E) whom it wants to serve.

Answer: B

Diff: 2

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

67) As indicated in the strategic-management model, a clear _____ is needed before long-term objectives can be established.

- A) short-term objective
- B) implementation plan
- C) audit policy
- D) mission statement
- E) evaluation strategy

Answer: D

Diff: 1

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

68) A business' mission is the foundation for all of the following EXCEPT

- A) priorities.
- B) strategies.
- C) plans.
- D) employee wage rates.
- E) work assignments.

Answer: D

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

69) According to Drucker, which question is synonymous with asking "What is our mission?"

- A) What is our business?
- B) How can we improve ourselves?
- C) What do we want to become?
- D) Who are our stakeholders?
- E) How can we increase profitability?

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

70) Which basic question should the vision statement answer?

- A) What is our business?
- B) How can we improve ourselves?
- C) What do we want to become?
- D) Who are our stakeholders?
- E) How can we increase profitability?

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

71) In the process of developing a mission statement, it is important to involve

- A) as few managers as possible.
- B) as many managers as possible.
- C) upper-level management only.
- D) lower-level management only.
- E) the board of directors only.

Answer: B

Diff: 1

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

72) The process of developing a vision and mission statement often includes which of these as the first activity?

- A) Requesting that managers modify the current document
- B) Asking managers to read selected articles about mission statements
- C) Asking managers to prepare a mission statement for the organization
- D) Having a brainstorming session on whether the organization should have a mission statement
- E) Merging several mission statements into one document

Answer: B

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

- 73) After a draft mission statement has been developed, it is important to
- A) ask managers to read several articles about mission statements as background information.
 - B) vote on the mission statement.
 - C) ask managers to prepare a mission statement for the organization.
 - D) ask managers to seek support for the mission statement from their subordinates.
 - E) request modifications, additions, and deletions to the mission statement.

Answer: E

Diff: 3

AACSB: Written and oral communication

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

- 74) What can be used to promote unbiased views and to manage the development of the mission statement more effectively?

- A) An internal group
- B) A committee of managers
- C) Command-and-control
- D) Surveys
- E) An outside facilitator

Answer: E

Diff: 2

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

- 75) According to Campbell and Yeung, what is/are most likely associated with behavior and the present?

- A) Mission
- B) Values
- C) Long-term objectives
- D) Vision
- E) Possibilities

Answer: A

Diff: 3

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

76) A study by Rarick and Vitton found that firms with a formalized mission statement have _____ the average return on shareholders' equity than those firms without a formalized mission statement.

- A) one-quarter
- B) half
- C) twice
- D) three times
- E) five times

Answer: C

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

77) Businessweek reports that firms using mission statements have a _____ percent higher return on certain financial measures than those without such statements.

- A) 10
- B) 15
- C) 30
- D) 45
- E) 50

Answer: C

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

78) Which best expresses former Colgate CEO Reuben Mark's thoughts on vision?

- A) It's becoming less important that a clear mission make sense internationally.
- B) It's essential to drive home different messages in different cultures.
- C) Keeping the vision simple will never rally everyone to the corporate banner.
- D) Pushing one vision globally is essential.
- E) Elevated missions or visions will alienate international markets.

Answer: D

Diff: 2

AACSB: Diverse and multicultural work environments

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

79) When developing a mission statement, what is needed before people can focus on specific strategy formulation activities?

- A) Negotiation
- B) Compromise
- C) Eventual agreement
- D) A and B only
- E) All of the above

Answer: E

Diff: 1

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

80) What is the best time to develop a mission statement?

- A) When a firm is in decline
- B) When the firm is successful
- C) When the firm is in financial trouble
- D) When the firm is in legal trouble
- E) When the firm encounters competition

Answer: B

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

81) All stakeholders' claims on an organization _____ pursued with equal emphasis.

- A) cannot be
- B) should always be
- C) are required to be
- D) must ideally be
- E) can usually be

Answer: A

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

82) Which group would be classified as stakeholders?

- A) Governments
- B) Creditors
- C) Suppliers
- D) Employees
- E) All of the above

Answer: E

Diff: 1

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

83) All stakeholders

- A) have claims and concerns about an organization, but these claims and concerns vary.
- B) have the same claims and concerns about an organization.
- C) have ownership rights in an organization.
- D) have the same voting rights in an organization.
- E) have environmental concerns as their top priority.

Answer: A

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

84) A good mission statement has

- A) an employee orientation.
- B) a customer orientation.
- C) a shareholder orientation.
- D) an environmental orientation.
- E) a profit orientation.

Answer: B

Diff: 3

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

85) The potential for creative growth in an organization can be limited by

- A) an overemphasis on stakeholders.
- B) not enough emphasis on stakeholders.
- C) a mission statement that is too general.
- D) a mission statement that is too specific.
- E) a mission statement that is too dynamic.

Answer: D

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

86) An overly general mission statement that _____ could be dysfunctional.

- A) does not exclude any strategy alternatives
- B) encourages management creativity
- C) excludes all diversification
- D) endorses the consideration of feasible potential strategies
- E) allows for the generation and consideration of a range of alternative objectives

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

87) The general public is especially interested in _____, whereas stockholders are more interested in _____.

- A) environmental concerns; social responsibility
- B) social responsibility; the treatment of employees
- C) the treatment of employees; environmental concerns
- D) profitability; social responsibility
- E) social responsibility; profitability

Answer: E

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

88) In order to appeal to its diverse stakeholders, an effective mission statement should be

- A) inflammatory.
- B) provocative.
- C) contentious.
- D) reconciliatory.
- E) dysfunctional.

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

89) In developing a mission statement, arousing emotion

- A) is not a benefit.
- B) is futile.
- C) is important.
- D) should be avoided if possible.
- E) is counterproductive.

Answer: C

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

90) According to McGinnis, a mission statement should be all of the following EXCEPT

- A) it should be broad enough to include all ventures.
- B) it should be stated in clear terms.
- C) it should distinguish an organization from all others.
- D) it should define what an organization is.
- E) it should serve as a framework for evaluating both current and prospective activities.

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

91) An effective mission statement does all of the following EXCEPT

- A) it reflects judgments about future growth directions that are based upon forward-looking external and internal analyses.
- B) it provides useful criteria for selecting among alternative strategies.
- C) it provides a basis for generating and screening strategic options.
- D) it is static in orientation.
- E) it should be enduring.

Answer: D

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

92) Good mission statements identify the _____ of a firm's products to its customers.

- A) utility
- B) price
- C) profit margin
- D) demand
- E) popularity

Answer: A

Diff: 1

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

93) Which of these examples of a mission statement's focus area does NOT identify the utility of the firm's products to its customers?

- A) AT&T focuses on communication rather than telephones.
- B) ExxonMobil focuses on oil and gas rather than energy.
- C) Union Pacific focuses on transportation rather than railroads.
- D) Universal Studios focuses on entertainment rather than movies.
- E) A clothing retailer focuses on attractive looks rather than on clothes.

Answer: B

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

94) All of the following utility statements are relevant in developing a mission statement EXCEPT

- A) Do not offer me shoes. Offer me comfort for my feet and the pleasure of walking.
- B) Do not offer me furniture. Offer me comfort and the quietness of a cozy place.
- C) Do not offer me ideas, emotions, ambience, feelings, and benefits. Offer me things.
- D) Do not offer me books. Offer me hours of pleasure and the benefit of knowledge.
- E) Do not offer me a house. Offer me security, comfort, and a place that is clean and happy.

Answer: C

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

95) The recommended length of an effective mission statement is _____ words.

- A) approximately 25
- B) no more than 100
- C) less than 250
- D) at least 300
- E) more than 500

Answer: C

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

96) What question is asked in conjunction with the philosophy component of a mission statement?

- A) What are the firm's major products or services?
- B) Is the firm committed to growth and financial soundness?
- C) What are the basic beliefs, values, aspirations, and ethical priorities of the firm?
- D) Is the firm responsive to social, community, and environmental concerns?
- E) Are employees a valuable asset of the firm?

Answer: C

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

97) An effective mission statement should do all of the following EXCEPT

- A) include monetary amounts, numbers, percentages and ratios.
- B) be inspiring.
- C) reveal that the firm is environmentally responsible.
- D) identify the utility of a firm's products.
- E) be reconciliatory.

Answer: A

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

98) The following excerpt from a mission statement illustrates which of the nine essential components of a mission statement?

"We believe our first responsibility is to the doctors, nurses, patients, mothers, and all others who use our products and services."

- A) Markets
- B) Customers
- C) Concern for Employees
- D) Concern for Public Image
- E) Technology

Answer: B

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

99) Which of the following illustrates the self-concept component of a mission statement?

- A) To earn our customer's loyalty, we listen to them, anticipate their needs, and act to create value in their eyes.
- B) We are committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of our employees.
- C) Our emphasis is on North American markets, although global opportunities will be explored.
- D) To compensate its employees with remuneration and fringe benefits competitive with other employment opportunities in its geographical area and commensurate with their contributions toward efficient corporate operations.
- E) In this respect, the company will conduct its operations prudently and will provide the profits and growth which will assure our ultimate success.

Answer: B

Diff: 3

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

100) Effective mission statements can vary in

- A) length.
- B) content.
- C) format.
- D) specificity.
- E) All of the above

Answer: E

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

101) Which component of a mission statement addresses the firm's distinctive competence or major competitive advantage?

- A) Technology
- B) Philosophy
- C) Concern for public image
- D) Customers
- E) Self-concept

Answer: E

Diff: 2

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

102) Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?

- A) Technology
- B) Philosophy
- C) Concern for public image
- D) Customers
- E) Self-concept

Answer: B

Diff: 2

AACSB: Ethical understanding and reasoning

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

103) Which question(s) are answered in an effective mission statement?

- A) Is the firm committed to growth and financial soundness?
- B) Are employees a valuable asset of the firm?
- C) Geographically, where does the firm compete?
- D) Who are the firm's customers?
- E) All of the above

Answer: E

Diff: 1

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

104) Which of the following is NOT one of the nine recommended components of a mission statement?

- A) Strategies
- B) Self-concept
- C) Concern for employees
- D) Markets
- E) Customers

Answer: A

Diff: 1

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

105) Effective and carefully planned mission statements

- A) require major changes every few months.
- B) require major changes every few quarters.
- C) require major revision every few years.
- D) become ineffective in the first year.
- E) stand the test of time.

Answer: E

Diff: 1

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

106) Describe why a mission statement is so important in the strategic-management process.

Answer: A clear mission statement is essential for effectively establishing objectives and formulating strategies. It reveals what an organization wants to be and whom it wants to serve. A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and for the design of managerial structures.

Diff: 1

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

107) Compare and contrast vision statements with mission statements.

Answer: Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, "What is our business?" the vision statement answers the question, "What do we want to become?" When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge. Campbell and Yeung also differentiate between the terms vision and mission, saying that vision is "a possible and desirable future state of an organization" that includes specific goals, whereas mission is more associated with behavior and the present.

Diff: 2

AACSB: Written and oral communication

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

108) Explain the process of developing a mission statement.

Answer: A widely used approach to developing a mission statement is first to select several articles about mission statements and ask all managers to read these as background information. Then ask managers themselves to prepare a mission statement for the organization. A facilitator or committee of top managers should then merge these statements into a single document and distribute this draft mission statement to all managers. A request for modifications, additions and deletions is needed next, along with a meeting to revise the document. To the extent all managers have input into and support the final mission statement document, organizations can more easily obtain managers' support for other strategy formulation, implementation and evaluation activities.

Diff: 2

AACSB: Written and oral communication

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

109) King and Cleland recommend that organizations carefully develop a written mission statement for four reasons. List and describe them.

Answer: King and Cleland recommend that organizations carefully develop a written mission statement in order to reap the following benefits: 1) to make sure all employees/managers understand the firm's purpose or reason for being; 2) to provide a basis for prioritization of key internal and external factors utilized to formulate feasible strategies; 3) to provide a basis for the allocation of resources; 4) to provide a basis for organizing work, departments, activities, and segments around a common purpose.

Diff: 2

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

110) Explain what it means for a mission statement to have a customer orientation. Answer: A good mission statement reflects the anticipations of customers. Rather than developing a product and then trying to find a market, the operating philosophy of organizations should be to identify customers' needs and then provide a product or service to fulfill those needs. Good mission statements also identify the utility of a firm's products to its customers. A major reason for developing a business mission statement is to attract customers who give meaning to an organization.

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

111) A good mission statement effectively reflects the anticipations of customers and reveals the utility that various products or services offer customers. Give three examples of this.

Answer: Student answers may vary, but could include: 1) AT&T's mission statement focuses on communication rather than on telephones; 2) Exxon's mission statement focuses on energy rather than on oil and gas; 3) Union Pacific's mission statement focuses on transportation rather than on railroads; and/or 4) Universal Studios' mission statement focuses on entertainment rather than on movies.

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

112) List and define the major components of an effective mission statement.

Answer: Students should list and define the following components of an effective mission statement: 1) customers, 2) products or services, 3) markets, 4) technology, 5) concern for survival, growth and profitability, 6) philosophy, 7) self-concept, 8) concern for public image and 9) concern for employees.

Diff: 2

AACSB: Written and oral communication

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

113) Define and give an example of the self-concept component in a mission statement.

Answer: The self-concept component of a mission statement asks the question, "What is the firm's distinctive competence or major competitive advantage?" An example of the self-concept component is, "Crown Zellerbach is committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of its employees."

Diff: 2

AACSB: Application of knowledge

Objective: 2.03 Identify the components of mission statements.

Learning Outcome: Discuss the functions of vision statements, mission statements, and long-term corporate objectives

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