

Strategic Management and Business Policy, 15e (Wheelen et al.)
Chapter 10 Strategy Implementation: Organizing and Structure

1) The sum total of the activities and choices required for the execution of a strategic plan is known as

- A) strategic formulation.
- B) environmental scanning.
- C) strategy implementation.
- D) evaluation and control.
- E) strategic development.

Answer: C

Difficulty: Easy

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

2) Which statement below is *not* true of strategy implementation?

- A) It is the process by which strategies and policies are put into action through the development of programs/tactics, budgets, and procedures.
- B) Implementation is often considered after strategy has been formulated.
- C) Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan.
- D) Strategy implementation should be kept separate and distinct from that of strategic management.
- E) Strategy formulation and strategy implementation are two sides of the same coin.

Answer: D

Difficulty: Moderate

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Analytical thinking

3) A survey of 93 Fortune 500 firms found ten major problems that over half of the group experienced when they attempted to implement a strategic change. Which of the following is *not* one of the implementation problems?

- A) ineffective coordination of activities
- B) uncontrollable external environmental factors
- C) time allocated for implementation was adequate, but was used inappropriately
- D) poor definition of key implementation tasks and activities
- E) crises that distracted attention away from implementation

Answer: C

Difficulty: Difficult

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Analytical thinking

4) Who typically implements strategy in large, multi-industry corporations?

- A) the board of directors
- B) top management
- C) middle management
- D) first level management
- E) everyone in the organization

Answer: E

Difficulty: Easy

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

5) It is advisable to have management from all levels participate in the strategy formulation process

- A) because it is a legal requirement.
- B) because collective bargaining agreements often mandate worker participation.
- C) to gain an insight as to what work needs to be done and to gain cooperation in the implementation of the strategy.
- D) because it is part of their job responsibilities to provide input regarding their respective area of expertise.
- E) because it helps boost the self-image and ego of all managers to be asked for advice.

Answer: C

Difficulty: Moderate

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Analytical thinking

6) Strategy formulation is the sum total of the activities and choices required for the execution of a strategic plan.

Answer: FALSE

Difficulty: Easy

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

7) Strategy formulation and strategy implementation should be considered as two sides of the same coin.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

8) Poor implementation is often blamed for strategic failure.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

9) According to a survey of Fortune 500 firms, the most frequently cited problem with implementing a strategic change is that implementation took more time than originally planned.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

10) Those who implement strategy will probably be a much more diverse set of people than those who formulate it.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

11) Many of the people in the organization who are crucial to successful strategy implementation probably have little to do with the development of the corporate and business strategy.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Application of knowledge

12) What is strategy implementation? What questions must strategy makers consider to begin the implementation process?

Answer: Strategy implementation is the sum total of the activities and choices required for the execution of a strategic plan. It is the process by which objectives, strategies, and policies are put into action through the development of programs and tactics, budgets, and procedures.

Implementation should be evaluated as strategy is being formulated, although many companies separate the two. Implementation is the key part of strategic management, for without implementation, we have nothing. Strategy formulation and strategy implementation should be considered as two sides of the same coin.

Poor implementation has been blamed for a number of strategic failures. Merger and acquisitions activities are clear types of very visible implementations.

To begin the implementation process, strategy makers must consider these questions:

Who are the people who will carry out the strategic plan?

What must be done to align the company's operations in the new intended direction?

How is everyone going to work together to do what is needed?

Difficulty: Moderate

Learning Obj.: 10.1: Describe the major issues that impact successful strategy implementation

AACSB: Analytical thinking

13) The term used in strategic implementation that describes a statement of activities or steps needed to accomplish a plan and whose use is to make the strategy action-oriented is

- A) a program.
- B) a guideline.
- C) a budget.
- D) a course of action.
- E) a procedure.

Answer: A

Difficulty: Easy

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

14) The innovative bottle design of Ecologic Brands was influenced by a pulp tray used to ship

- A) soda.
- B) iPhones.
- C) beer.
- D) yogurt.
- E) reusable totes.

Answer: B

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

15) The term used in strategic implementation that describes a system of sequential steps or techniques that describe in detail how a particular task or job is to be done is

- A) a program.
- B) a guideline.
- C) a budget.
- D) a course of action.
- E) a procedure.

Answer: E

Difficulty: Easy

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

16) When the return on investment for each division of a corporation is greater than what the return would be if each division were an independent business, that corporation is said to have achieved

- A) synergy.
- B) a leveraged buyout.
- C) its hurdle rate.
- D) the status of a true conglomerate.
- E) Stage III.

Answer: A

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

17) Which form of synergy was demonstrated when P&G purchased Gillette to combine P&G's knowledge of the female consumer with Gillette's knowledge of the male consumer?

- A) shared tangible resources
- B) shared know-how
- C) coordinated strategies
- D) economies of scale
- E) new business creation

Answer: B

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

18) According to Goold and Campbell, when companies coordinate the flow of products or services of one unit with that of another unit to reduce inventory, the synergistic effect is known as

- A) pooled negotiating power.
- B) shared know-how.
- C) coordinated strategies.
- D) economies of scale or scope.
- E) new business creation.

Answer: D

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

19) According to Goold and Campbell, which of the following is *not* one of the forms that synergy can take?

- A) shared know-how
- B) coordinated strategies
- C) value chain creation
- D) pooled negotiating power
- E) economies of scale or scope

Answer: C

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

20) When Kimberly-Clark introduced Huggies disposable diapers against Procter & Gamble's market leading Pampers, they were using the offensive tactic known as a(n)

- A) flanking maneuver.
- B) frontal assault.
- C) encirclement.
- D) bypass attack.
- E) guerilla attack.

Answer: B

Difficulty: Difficult

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

21) When Yamaha entered the market with a broader range of pianos, keyboards, and other musical instruments, it was using which offensive tactic?

- A) flanking maneuver
- B) frontal assault
- C) encirclement
- D) bypass attack
- E) guerilla attack

Answer: C

Difficulty: Difficult

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

- 22) Which of the following is *not* true of defensive tactics?
- A) Defensive tactics aim to lower the probability of attack.
 - B) Defensive tactics divert attacks to less threatening avenues.
 - C) Defensive tactics lessen the intensity of an attack.
 - D) Defensive tactics reduce short-term profitability to ensure long-term profitability.
 - E) Defensive tactics include a frontal assault.

Answer: E

Difficulty: Difficult

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

- 23) Which defensive tactic was used by Southwest Airlines when deliberately keeping their prices low and constantly investing in cost-reducing measures?

- A) guerilla warfare
- B) lower the inducement for attack
- C) encirclement
- D) raise structural barriers
- E) increase expected retaliation

Answer: B

Difficulty: Difficult

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

- 24) Which of the following is *not* an offensive tactic?

- A) frontal assault
- B) flanking maneuver
- C) guerilla warfare
- D) raising structural barriers
- E) encirclement

Answer: D

Difficulty: Difficult

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

25) Which market location tactic is being used when a company attempts to cut the market out from under the established defender by offering a new type of product that makes the competitor's product unnecessary?

- A) flanking maneuver
- B) bypass attack
- C) encirclement
- D) guerrilla warfare
- E) frontal assault

Answer: B

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

26) Which market location tactic is being used when a company goes head to head with its competitor matching in every category from price to promotion to distribution channel?

- A) flanking maneuver
- B) bypass attack
- C) encirclement
- D) guerrilla warfare
- E) frontal assault

Answer: E

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

27) Which market location tactic did Texas Instruments use when they avoided direct competition with Intel by developing cell phones, medical devices, and consumer electronics rather than computers?

- A) flanking maneuver
- B) bypass attack
- C) encirclement
- D) guerrilla warfare
- E) frontal assault

Answer: A

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

28) Which defensive tactic did P&G use when they test marketed their liquid bleach product in an attempt to scare Clorox into retreating from their detergent market?

- A) lower the inducement for attack
- B) bypass attack
- C) increase expected retaliation
- D) flanking maneuver
- E) raise structural barriers

Answer: C

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

29) What is the last real check a firm has on the feasibility of its selected strategy?

- A) budget planning
- B) standard operating procedure development
- C) exit strategy development
- D) program development and execution
- E) tactic developments

Answer: A

Difficulty: Easy

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

30) The first company to manufacture and sell a new product or service is referred to as a pioneer.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

31) The purpose of a program or tactic is to make the strategy action-oriented.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

32) After programs have been developed, the budget process begins.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

33) Standard operating procedures typically detail the various activities that must be carried out to complete a corporation's programs.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

34) Once in place, procedures seldom have to be updated to reflect changes in technology or strategy.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

35) One of the goals to be achieved in strategy implementation is synergy between and among functions and business units.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

36) Successful late movers tend to be large firms with considerable resources and related experience.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

37) Microbreweries that make beer for sale for local customers use guerilla warfare against national brewers like Anheuser-Busch.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

38) Job enlargement is the movement of workers through several jobs to increase variety.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

39) An offensive tactic usually takes place in the firm's own current market position.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Application of knowledge

40) What is synergy? According to Goold and Campbell, what are the six forms it can take?

Answer: Synergy is said to exist for a divisional corporation if the return on investment of each division is greater than what the return would be if each division were an independent business.

Synergy can take place in one of six forms according to Goold and Campbell:

1. Shared know how: combined units often benefit from sharing knowledge or skills.
2. Coordinated strategies: aligning the business strategies of two or more business units may provide a corporation significant advantage by reducing inter-unit competition and developing a coordinated response to common competitors.
3. Shared tangible resources: combined units can sometimes save money by sharing resources.
4. Economies of scale or scope: coordinating the flow of products or services of one unit with that of another unit can reduce inventory, increase capacity utilization, and improve market access.
5. Pooled negotiating power: combined units can combine their purchasing to gain bargaining power over common suppliers to reduce costs and improve quality.
6. New business creation: exchanging knowledge and skills can facilitate new products or services by extracting discrete activities from various units and combining them in a new unit or by establishing joint ventures among internal business units.

Difficulty: Difficult

Learning Obj.: 10.2: Explain how you would develop programs, budgets, and procedures to implement strategic change

AACSB: Analytical thinking

41) Alfred Chandler, known for his study of large American corporations, concluded that

- A) organic structure is best for firms in a changing environment.
- B) mechanistic structure is best for firms in a changing environment.
- C) structure follows strategy.
- D) strategy follows structure.
- E) strategic business units are the key to effective decentralization.

Answer: C

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

42) According to Chandler and others, which factors **MUST** be closely aligned to avoid the consequences of poor organizational performance?

- A) management, workforce, and customers
- B) operations, marketing, and finance
- C) strategy, structure, and environment
- D) rules, goals, and tasks
- E) hierarchy, contacts, and integrators

Answer: C

Difficulty: Difficult

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

43) Which of the following is *not* true of a Stage I corporation?

- A) It is typified by the entrepreneur.
- B) The entrepreneur tends to make all the important decisions personally.
- C) The Stage I corporation has little formal structure.
- D) Planning tends to be long range and progressive.
- E) The greatest strength of a Stage I corporation is its flexibility and dynamism.

Answer: D

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

44) Objectives that are personal and subjective and are typified by an entrepreneurial spirit describe what stage of corporate development?

- A) Stage I company
- B) Stage II company
- C) Stage III company
- D) Stage IV company
- E) Stage V company

Answer: A

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

45) A corporation run by a team of managers with functional specializations and which successfully operates in one industry is said to be a

- A) Stage I company.
- B) Stage II company.
- C) Stage III company.
- D) Stage IV company.
- E) Stage V company.

Answer: B

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

46) In a Stage I company, if the entrepreneur falters, the company usually flounders. This is labeled by Greiner as a crisis of

- A) autonomy.
- B) confidence.
- C) clarity.
- D) differentiation.
- E) leadership.

Answer: E

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

47) When the people managing diversified product lines in a functionally structured corporation need more decision-making freedom than top management is willing to delegate to them, there is a crisis of

- A) autonomy.
- B) confidence.
- C) clarity.
- D) differentiation.
- E) leadership.

Answer: A

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

48) In Stage III of a corporation, when various units of the company optimize their sales and profits without regard to the overall corporation, the organization may be experiencing a crisis of

- A) leadership.
- B) control.
- C) autonomy.
- D) decentralization.
- E) empowerment.

Answer: B

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

49) A candidate for a fourth stage in corporate development is the

- A) conglomerate structure.
- B) functional structure.
- C) divisional structure.
- D) matrix structure.
- E) hybrid structure.

Answer: D

Difficulty: Difficult

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

50) An external block preventing a corporation from moving from one stage to another is

- A) unfavorable economic conditions.
- B) strategic myopia.
- C) organizational inflexibility.
- D) lack of ability.
- E) lack of resources.

Answer: A

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

51) Stage III in the organizational life cycle is the

- A) birth stage.
- B) growth stage.
- C) maturity stage.
- D) decline stage.
- E) death stage.

Answer: C

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

52) Stage V in the organizational life cycle is the

- A) birth stage.
- B) growth stage.
- C) maturity stage.
- D) decline stage.
- E) death stage.

Answer: E

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

53) During Stage II of the organizational life cycle, the structure most likely to be implemented is

- A) entrepreneur-dominated.
- B) functional management.
- C) decentralization into profit or investment centers.
- D) structural surgery.
- E) dismemberment of structure.

Answer: B

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

54) During Stage V of the organizational life cycle, the popular strategy is

- A) concentration in a niche.
- B) horizontal and vertical growth.
- C) liquidation or bankruptcy.
- D) concentric and conglomerate diversification.
- E) profit strategy followed by retrenchment.

Answer: C

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

55) What is the additional phase in the organizational life cycle that may occur sometime during the maturity or decline stages?

- A) pause phase
- B) acquisition phase
- C) recovery phase
- D) temporal displacement phase
- E) revival phase

Answer: E

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

56) When the drive of the entrepreneur is no longer enough to keep the Stage I company from floundering, this type of crisis is called

- A) a crisis of autonomy.
- B) a crisis of confidence.
- C) a crisis of clarity.
- D) a crisis of differentiation.
- E) a crisis of leadership.

Answer: E

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

57) Stage IV of a corporation could involve a pressure-cooker crisis.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

58) Any change in corporate strategy is very likely to require some sort of change in the way an organization is structured and in the kind of skills needed in particular positions.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

59) The concept that structure follows strategy was developed by Alfred Chandler.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

60) Research generally supports Chandler's proposition that structure follows strategy as well as the reverse proposition that structure influences strategy.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

61) Firms in the same industry seldom organize themselves in similar ways.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

62) The first stage of corporate development is the simple structure.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

63) The greatest strengths of a Stage I corporation are its flexibility and dynamism.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

64) The greatest weakness of a Stage II corporation is that all its eggs are in one basket.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

65) A crisis of control may develop in the Stage III divisional structure.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

66) Stage III (Divisional Structure) is the point when the entrepreneur is replaced by a team of managers who have functional specialization.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

67) In Stage IV, the use of SBUs may result in a red tape crisis in which the corporation has grown too large and complex to be managed through formal programs, and rigid systems and procedures take precedence over problem solving.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

68) Stage IV of a corporation could involve a pressure-cooker crisis in which employees in these collaborative organizations will eventually grow emotionally and physically exhausted from the intensity of teamwork and the heavy pressure for innovative solutions.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

69) Asking "What would Walt do" at Disney years after his death could present blocks to needed change.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

70) The second stage of the organizational life cycle is maturity.

Answer: FALSE

Difficulty: Easy

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

71) The corporation's life cycle can be extended by managerial and product innovation.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

72) Discuss Chandler's conclusion concerning strategy.

Answer: Chandler concluded that structure follows strategy—that is, changes in corporate strategy lead to changes in organizational structure. He also concluded that organizations follow a pattern of development from one kind of structural arrangement to another as they expand. According to Chandler, these structural changes occur because the old structure, having been pushed too far, has caused inefficiencies that have become too obviously detrimental to bear. Chandler, therefore, proposed the following as the sequence of what occurs:

1. New strategy is created.
2. New administrative problems emerge.
3. Economic performance declines.
4. New appropriate structure is created.
5. Economic performance rises.

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

73) What are the four stages of corporate development?

Answer: There are four stages of corporate development. Stage I is typified by the entrepreneur, who founds the company to promote an idea. This is a simple structure. Stage II is the functional structure. This is the point when the entrepreneur is replaced by a team of managers who have functional specialization. Stage III is typified by the corporation's managing diverse product lines in numerous industries; it decentralizes the decision-making authority. This is the divisional structure. Stage IV is beyond SBUs. The matrix and the network are two possible candidates for a fourth stage in corporate development—a stage that not only emphasizes horizontal over vertical connections between people and groups, but also organizes work around temporary projects in which sophisticated information systems support collaborative activities.

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Application of knowledge

74) How can a corporation's life cycle be extended?

Answer: A corporation's life cycle can be extended by managerial and product innovations. Developing new combinations of existing resources to introduce new products or acquiring new resources through acquisitions can enable firms with declining performance to regain growth—so long as the action is valuable and difficult to imitate. This often occurs during the implementation of a turnaround strategy. A revival phase may occur sometime during the maturity or decline stages.

Difficulty: Moderate

Learning Obj.: 10.3: List the stages of corporate development and the structure that characterizes each stage

AACSB: Analytical thinking

75) Which structure simultaneously combines functional and product forms at the same level of the organization?

A) strategic business units

B) simple structure

C) network structure

D) divisional structure

E) matrix structure

Answer: E

Difficulty: Easy

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Application of knowledge

76) Which of the following is *not* descriptive of the matrix structure?

A) People from functional units are often assigned on a temporary basis to product units.

B) Although employees often work on one or more product units, they maintain only one direct supervisor.

C) The matrix structure is very useful when the external environment is very uncertain.

D) The matrix structure can produce conflicts revolving around duties, authority, and resource allocation.

E) The matrix structure was developed to combine the stability of functional structure with the flexibility of the product form.

Answer: B

Difficulty: Difficult

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Analytical thinking

77) There are three distinct phases in the development of a matrix structure. Which is the first phase to occur usually when a new product line is being introduced?

- A) temporary cross-functional task forces
- B) true dual-authority structure
- C) product/brand management
- D) immature matrix
- E) mature matrix

Answer: A

Difficulty: Difficult

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Analytical thinking

78) There are three distinct phases in the development of a matrix structure. Which phase occurs when both the functional and product structures become permanent in a true dual-authority structure?

- A) temporary cross-functional task forces
- B) true dual-authority structure
- C) product/brand management
- D) immature matrix
- E) mature matrix

Answer: E

Difficulty: Difficult

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Analytical thinking

79) Which structure is described as a "non-structure" by its virtual elimination of in-house business functions?

- A) strategic business units
- B) functional structure
- C) network structure
- D) divisional structure
- E) matrix structure

Answer: C

Difficulty: Easy

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Application of knowledge

80) Which structure is often called a virtual organization?

- A) strategic business units
- B) functional structure
- C) divisional structure
- D) network structure
- E) matrix structure

Answer: D

Difficulty: Easy

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Application of knowledge

81) Which of the following is *not* descriptive of a network structure?

- A) The network organization is a series of independent firms or business units linked together through design, production, and marketing.
- B) Independent inventors and entertainment companies often use the network structure.
- C) The network structure typically is located in a large, single building or areas with many work projects in operation on the site.
- D) The network structure provides an organization with increased flexibility and adaptability to cope with rapid technological changes.
- E) The network structure is particularly suited to coping with the shifting patterns of international trade and competition.

Answer: C

Difficulty: Difficult

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Analytical thinking

82) An organization that is composed of cells that can operate alone but that can interact with other cells to produce a more potent and competent business mechanism is referred to as a(n)

- A) reengineered organization.
- B) virtual organization.
- C) modular organization.
- D) network organization.
- E) ongoing organization.

Answer: C

Difficulty: Moderate

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Application of knowledge

83) Pioneered in the automobile industry, the matrix structure was developed to combine the flexibility of the functional structure with the stability of the product form.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Analytical thinking

84) When using a network structure, many corporate activities are outsourced.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Application of knowledge

85) The network structure becomes most useful when the environment of a firm is unstable and is expected to remain so.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Analytical thinking

86) What is the matrix structure? What are the three conditions which usually exist when the matrix structure is found?

Answer: In matrix structures, functional and product forms are combined simultaneously at the same level of the organization. Pioneered in the aerospace industry, the matrix structure was developed to combine the stability of the functional structure with the flexibility of the product form. The matrix structure is very useful when the external environment (especially its technological and market aspects) is very complex and changeable. It does, however, produce conflicts revolving around duties, authority, and resource allocation. To the extent that the goals to be achieved are vague and the technology used is poorly understood, a continuous battle for power between product and functional managers is likely.

The matrix structure is often found in an organization or within an SBU when the following three conditions exist:

1. Ideas need to be cross-fertilized across projects or products.
2. Resources are scarce.
3. Abilities to process information and to make decisions need to be improved.

Difficulty: Moderate

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Application of knowledge

87) Discuss the network structure.

Answer: The network structure is an example of what could be termed a "non-structure" by its virtual elimination of in-house business functions. Many activities are outsourced. A corporation organized in this manner is often called a virtual organization because it is composed of a series of project groups or collaborations linked by constantly changing nonhierarchical, cobweb-like electronic networks. It becomes most useful when the environment of a firm is unstable and expected to remain so.

Difficulty: Moderate

Learning Obj.: 10.4: Explain how matrix, network and modular structures are used to implement strategy

AACSB: Application of knowledge

88) The job characteristics model is a good example of

- A) job rotation.
- B) job design.
- C) job enrichment.
- D) job enlargement.
- E) all of the above

Answer: C

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

89) The radical redesign of business processes to achieve major gains in cost, service, or time is called

- A) total quality management.
- B) reengineering.
- C) management by objectives.
- D) action planning.
- E) statistical process control.

Answer: B

Difficulty: Easy

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

90) Which of the following is *not* a principle of reengineering identified by Hammer?

- A) puts the decision point where the work is performed
- B) organizes around tasks, not outcomes
- C) treats geographically dispersed resources as though they were centralized
- D) links parallel activities
- E) captures information once at the source

Answer: B

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

91) The program which incorporates the statistical approach of Six Sigma with the lean manufacturing program originally developed by Toyota is known as

- A) reengineering.
- B) Lean Six Sigma.
- C) job enlargement.
- D) just-in-time.
- E) flexible manufacturing.

Answer: B

Difficulty: Easy

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

92) What term refers to the study of individual tasks in an attempt to make them more relevant to the company and to the employee(s)?

- A) position matching
- B) functional duties
- C) job design
- D) task conversion
- E) responsibility shift

Answer: C

Difficulty: Easy

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

93) The movement of workers through several jobs to increase variety is referred to as

- A) job combination.
- B) job rotation.
- C) job enrichment.
- D) job enlargement.
- E) job motivation.

Answer: B

Difficulty: Easy

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

94) The job design technique that combines tasks to give a worker more of the same type of duties to perform is known as

- A) job combination.
- B) job rotation.
- C) job enrichment.
- D) job enlargement.
- E) job motivation.

Answer: D

Difficulty: Easy

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

95) How does job rotation combat the adverse consequences of task specialization?

- A) by altering the work to provide the worker with more control over activities
- B) by moving workers through several jobs, thereby exposing them to increased task variety
- C) by combining different tasks, thereby giving them more responsibilities
- D) by giving the worker more autonomy through alterations in the job
- E) by forming natural work units to provide the worker with more responsibility

Answer: B

Difficulty: Difficult

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

96) In an attempt to "think globally, act locally," companies are decentralizing operations that are culturally oriented and closest to the customers such as

- A) marketing.
- B) R&D.
- C) finance.
- D) information systems.
- E) accounting.

Answer: C

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

97) Which type of structure was used by American Cyanamid to introduce and manage a similar line of products throughout the world?

- A) geographic-area structure
- B) network structure
- C) product-group structure
- D) international structure
- E) functional structure

Answer: C

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

98) Which type of structure was used by Nestle to tailor products to regional differences and to achieve regional coordination?

- A) geographic-area structure
- B) network structure
- C) product-group structure
- D) international structure
- E) functional structure

Answer: A

Difficulty: Difficult

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

99) Which type of structure enables a corporation to centralize decision-making along product lines and to reduce costs?

- A) geographic-area structure
- B) product-group structure
- C) network structure
- D) matrix structure
- E) functional structure

Answer: B

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

100) Which type of structure enables a corporation to decentralize decision-making to the local subsidiaries?

- A) geographic-area structure
- B) product-group structure
- C) network structure
- D) matrix structure
- E) functional structure

Answer: A

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

101) The geographic-area structure allows the company to introduce and manage a similar line of products around the world.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

102) As industries move from being multi-domestic to more globally integrated, multi-national corporations are increasingly switching from the geographic-area to the product-group structure.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

103) In order to implement reengineering, Hammer suggests that those who use the output of the process perform the reengineering process.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

104) Studies of the performance of reengineering programs show clear, consistent, and overwhelming evidence of success and improved productivity.

Answer: FALSE

Difficulty: Easy

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

105) Lean Six Sigma incorporates the statistical approach of Six Sigma with the lean manufacturing program originally developed by Toyota.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

106) Rather than attempting to fix existing problems through minor adjustments and the fine-tuning of existing processes, the key to reengineering is to ask, "If this were a new company, how would we run this place?"

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

107) Reengineering appears to be most useful to changing an entire organization.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Analytical thinking

108) What is reengineering? What are the principles for reengineering proposed by Michael Hammer?

Answer: Reengineering is the radical redesign of business processes to achieve major gains in cost, service, or time. It is not in itself a type of structure, but it is an effective way to implement a turnaround strategy. Business process reengineering strives to break away from the old rules and procedures that develop and become ingrained in every organization over the years. They may be a combination of policies, rules, and procedures that have never been seriously questioned because they were established years earlier.

The principles of reengineering proposed by Michael Hammer are as follows:

1. Organize around outcomes, not tasks.
2. Have those who use the output of the process perform the process.
3. Subsume information-processing work into the real work that produces the information.
4. Treat geographically dispersed resources as though they were centralized.
5. Link parallel activities instead of integrating their results.
6. Put the decision point where the work is performed, and build control into the process.
7. Capture information once and at the source.

Difficulty: Difficult

Learning Obj.: 10.5: Discuss the issues related to centralization versus decentralization in structuring organizations

AACSB: Application of knowledge

Strategic Management and Business Policy, 15e (Wheelen et al.)
Chapter 11 Strategy Implementation: Staffing and Directing

1) The hiring of new people with new skills, firing of people with inappropriate or substandard skills, and/or training existing employees to learn new skills are included in the process of

- A) training.
- B) staffing.
- C) structuring.
- D) operating.
- E) financing.

Answer: B

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

2) All of the following reflect characteristics of a successful integration manager EXCEPT

- A) a deep knowledge of the acquiring company.
- B) a flexible management style.
- C) an ability to work in cross-functional project teams.
- D) a propensity to hire like-minded people.
- E) a willingness to work independently.

Answer: D

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

3) Training is especially important in reinforcing the customer service culture at Zappos where

- A) new employees are offered money to quit.
- B) employees are just interested in getting a paycheck.
- C) training does not include any tests.
- D) a cost leadership strategy is being used.
- E) little screening of employees occurs.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

4) According to the Association for Talent Development, the average annual expenditure per employee on corporate training and development is

- A) \$0.
- B) \$362.
- C) \$748.
- D) \$1,229.
- E) \$2,361.

Answer: D

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

5) Executives with a particular mix of skills and experiences may be classified as an executive type and paired with

- A) a specific personal characteristic.
- B) a specific corporate strategy.
- C) a certain educational background.
- D) a specific experience background.
- E) a specific industry.

Answer: B

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

6) Which of the following statements is *not* true concerning the career life cycle for top executives?

- A) During the early years of executives' tenures, they tend to experiment extensively with product lines to learn about their business.
- B) It is possible that a current CEO may not be appropriate to implement a new strategy.
- C) The harvest stage occurs when executives' accumulated knowledge allows them to reduce experimentation and increase performance.
- D) There is an inverted U-shaped relationship between top executive tenure and the firm's financial performance.
- E) The length of time spent in each stage is relatively stable for all CEOs.

Answer: E

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

7) Which type of chief executive officer with a great deal of experience in that particular industry would be appropriate for a corporation following a concentration strategy emphasizing vertical or horizontal growth?

- A) professional liquidator
- B) dynamic industry expert
- C) turnaround specialist
- D) analytical portfolio manager
- E) cautious profit planner

Answer: B

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

8) Which type of chief executive officer who is highly knowledgeable in other industries and can manage diverse product lines would be appropriate for a corporation following a diversification strategy?

- A) professional liquidator
- B) dynamic industry expert
- C) turnaround specialist
- D) analytical portfolio manager
- E) cautious profit planner

Answer: D

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

9) Which type of chief executive officer with a conservative style, a production or engineering background, and experience with controlling budgets, capital expenditures, inventories, and standardization procedures would be appropriate for a corporation following a stability strategy?

- A) professional liquidator
- B) dynamic industry expert
- C) turnaround specialist
- D) analytical portfolio manager
- E) cautious profit planner

Answer: E

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

- 10) Successful prospector firms tend to be headed by CEOs with backgrounds in the areas of
- A) research/engineering and general management.
 - B) accounting/finance, manufacturing/production, and general management.
 - C) marketing/sales.
 - D) human resources and strategy.
 - E) purchasing and logistics.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

- 11) Successful defender firms tend to be headed by CEOs with backgrounds in the areas of
- A) research/engineering and general management.
 - B) accounting/finance, manufacturing/production, and general management.
 - C) marketing/sales.
 - D) human resources and strategy.
 - E) purchasing and logistics.

Answer: B

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

- 12) Successful analyzer firms tend to be headed by CEOs with backgrounds in the areas of
- A) research/engineering and general management.
 - B) accounting/finance, manufacturing/production, and general management.
 - C) marketing/sales.
 - D) human resources and strategy.
 - E) purchasing and logistics.

Answer: C

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

- 13) What did a study of 173 firms over a 25-year period reveal about CEOs of successful corporations, especially when the past CEO's strategy continued to be successful?
- A) They tended to have less loyalty than former CEOs, switching companies at a faster pace.
 - B) They tended to have the same functional specialization as the former CEO.
 - C) They tended to be more aggressive in their risk-taking than former CEOs.
 - D) They tended to rely more on skills developed through group decision-making.
 - E) They tended to be turnaround specialists.

Answer: B

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

14) The process of replacing a key top manager is called

- A) executive succession.
- B) executive placement.
- C) executive strategy.
- D) executive search.
- E) executive outside succession.

Answer: A

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

15) Research suggests that boards of directors tend to look outside the firm for the next CEO under which of the following circumstance?

- A) when the company is prosperous
- B) when the company is having R&D challenges
- C) when the company is in trouble
- D) when the company needs to follow a stability strategy
- E) when the company needs to expand in order to continue growing

Answer: C

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

16) One study reported the percentage of senior executives that left a firm after a new CEO took office was _____ when the new CEO was an insider and _____ when the new CEO was an outsider.

- A) 35; 10
- B) 20; 34
- C) 30; 30
- D) 20; 10
- E) 40; 20

Answer: B

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

17) What percent of large U.S. companies have CEO succession plans in place?

- A) 10
- B) 25
- C) 50
- D) 75
- E) 90

Answer: C

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

18) Which one of the following is *not* one of the activities and techniques typically used in an assessment center to evaluate a person's suitability for advancement?

- A) leaderless group discussions
- B) management games
- C) in-basket exercises
- D) IQ tests
- E) case analyses

Answer: D

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

19) Assessment centers have been able to accurately predict subsequent

- A) job satisfaction.
- B) job performance and career success.
- C) organizational commitment.
- D) organizational attachment.
- E) management longevity.

Answer: B

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

20) To ensure employees are gaining the appropriate mix of experience to prepare employees for future responsibilities, many corporations move people from one job to another utilizing the technique of

- A) job design.
- B) job specialization.
- C) job rotation.
- D) job enlargement.
- E) job enrichment.

Answer: C

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Reflective thinking

21) According to a study of downsizing in the U.S. automobile-related industry, all of the following are problems associated with inappropriate downsizing EXCEPT

- A) outsourcing was eliminated.
- B) blanket offers for early retirement prompted even valuable employees to leave.
- C) surviving employees experienced decreased morale.
- D) surviving employees had to do extra work in addition to their own.
- E) the wrong jobs were eliminated.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

22) Downsizing is often used to implement a(n) _____ strategy.

- A) retrenchment
- B) growth
- C) stability
- D) hold
- E) integration

Answer: A

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

23) Which of the following is *not* a guideline proposed for successful downsizing?

- A) Contract out work that others can do cheaper.
- B) Plan for long-run efficiencies.
- C) Make across-the-board cuts.
- D) Communicate the reasons for actions.
- E) Invest in the remaining employees.

Answer: C

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

24) A dynamic industry expert is someone with an analytical mind who is highly knowledgeable in other industries and can manage diverse product lines.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

25) To improve organizational learning, many multi-national corporations are providing their managers with international assignments as long as five years.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

26) Research indicates that a multi-national corporation performs at a higher level when its CEO has international experience.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

27) European multi-national corporations seldom use people with an international orientation to staff their management positions.

Answer: FALSE

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Diverse and multicultural work environments

28) Staffing issues can involve hiring new people with new skills, firing people with inappropriate or substandard skills, and/or training existing employees to learn new skills.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

29) As in the case of structure, staffing requirements should follow a change in strategy.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

30) Training and development can be especially important for organizations implementing an overall low cost or differentiation strategy, but not for those in retrenchment.

Answer: FALSE

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

31) It is possible that a current CEO may not be appropriate to implement the firm's new strategy.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

32) A corporation following a concentration strategy emphasizing vertical or horizontal growth would probably not want an aggressive new chief executive with a great deal of experience in that particular industry—a *dynamic industry expert*.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

33) IHOP's CEO, Julia Stewart, built a reputation as a turnaround specialist.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

34) A professional liquidator was the executive type called in to Montgomery Ward, Inc., the nation's first catalog retailer, when the company declared bankruptcy for the second time.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

35) Chandler proposed that the most appropriate CEO for a firm remains constant as the company proceeds through its life cycle.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

36) Analyzers are corporations that operate in at least two different product-market areas, one stable and one variable. Analyzers corporations tend to have CEOs with a marketing/sales background.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

37) Executive succession is the process of replacing a key top manager.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

38) Succession planning has become the most important topic discussed by boards of directors.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

39) According to Hofstede's dimensions of national culture, long-term orientation is the extent to which society is oriented toward the long versus the short term.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Diverse and multicultural work environments

40) Firms in trouble seldom choose outsiders to lead them.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

41) Downsizing refers to the planned elimination of positions or jobs; it is often used to implement retrenchment strategies.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

42) Companies that pursue related diversification strategies through internal development make greater use of interdivisional transfers of people than do companies that grow through unrelated acquisitions.

Answer: TRUE

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

43) A good retrenchment strategy can be implemented well in terms of organizing, but poorly in terms of staffing.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Analytical thinking

44) Research indicates that companies undertaking cost-cutting programs are four times more likely than others to cut costs again, typically by reducing staff.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

45) To successfully downsize, companies must invest in the remaining employees.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

46) To successfully downsize, the recommendation is to make across-the-board cuts to maintain fairness.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

47) When downsizing, it is important to eliminate all R&D and maintenance expenses.

Answer: FALSE

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

48) What is an executive type? What is its significance to strategy?

Answer: Executives with a particular mix of skills and experiences may be classified as an executive type and paired with a specific corporate strategy. A corporation following a concentration strategy emphasizing vertical or horizontal growth would probably want an aggressive new chief executive with a great deal of experience in that particular industry—a dynamic industry expert.

A diversification strategy, in contrast, might call for someone with an analytical mind who is highly knowledgeable in other industries and can manage diverse product lines—an analytical portfolio manager. A corporation choosing to follow a stability strategy would probably want as its CEO a cautious profit planner, a person with a conservative style, a production or engineering background, and experience with controlling budgets, capital expenditures, inventories, and standardization procedures. Weak companies in a relatively attractive industry tend to turn to a type of challenge-oriented executive known as the turnaround specialist to save the company. If a company cannot be saved, a professional liquidator might be called on by a bankruptcy court to close the firm and liquidate its assets.

Because priorities certainly change over an organization's life, successful corporations need to select managers who have the skills and characteristics appropriate to the organization's particular stage of development and position in its life cycle.

Difficulty: Difficult

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

49) What is executive succession? Discuss the hiring of insiders versus outsiders.

Answer: Executive succession is the process of replacing a key top manager. Succession planning has become the most important topic discussed by boards of directors. Prosperous firms tend to look outside for CEO candidates only if they have no obvious internal candidates. Hiring an outsider to be a CEO is a risky gamble. CEOs from the outside tend to introduce significant change and high turnover among the current management. Firms in trouble overwhelmingly choose outsiders to lead them. Boards realize that the best way to force a change in strategy is to hire a new CEO with no connections to the current strategy.

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

50) What are some of the approaches a company can take to identify and prepare its people for important positions?

Answer: A company can identify and prepare its people in several ways. One approach is to establish a sound performance appraisal system to identify good performers with promotion potential. The human resource system should also be examined to be sure that diverse people are hired, promoted, and provided training opportunities. Many large organizations are using assessment centers to evaluate a person's suitability for an advanced position. They use special interviews, management games, in-basket exercises, leaderless group discussions, case analyses, decision-making exercises, and oral presentation to assess the potential of employees for specific positions. Assessment centers have generally been able to accurately predict subsequent job performance and career success. Job rotation is also used by many large corporations to ensure that employees are gaining the appropriate mix of experiences to prepare them for future responsibilities. Rotating people among divisions is one way that the corporation can improve the level of organizational learning.

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

51) List the guidelines proposed for successful downsizing.

Answer: The following guidelines have been proposed for successful downsizing:

- Eliminate unnecessary work instead of making across-the-board cuts.
- Contract out work that others can do cheaper.
- Plan for long-run efficiencies.
- Communicate the reasons for actions.
- Invest in the remaining employees.
- Develop value-added jobs to balance out job elimination.

Difficulty: Moderate

Learning Obj.: 11.1: Explain the link between strategy and staffing decisions

AACSB: Application of knowledge

52) Which of the following is *not* true of corporate culture?

- A) Corporate culture has a strong tendency to resist change.
- B) Corporate culture can strongly affect an organization's ability to shift its strategic direction.
- C) A problem for a strong culture is that a change in mission is not likely to be successful if it is in opposition to the accepted corporate culture.
- D) Corporate culture often rests on preserving stable relationships.
- E) Corporate culture has little influence on the behavior of the firm's employees.

Answer: E

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

53) Nardelli's failed attempt to replace Home Depot's old informal entrepreneurial collaborative culture with one of military efficiency is a testament to

- A) the strength of corporate culture.
- B) the importance of collaborative environments.
- C) the failure of the human resources staff.
- D) the iron rule of some CEOs.
- E) the costs of measurement.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

54) Which of the following is *not* one of the questions used to assess strategy-culture compatibility?

- A) Is the proposed strategy compatible with the company's current culture?
- B) Can the culture be easily modified to make it more compatible with the new strategy?
- C) Is management willing and able to make major organizational changes, and accept probable delays and a likely increase in costs?
- D) Is management still committed to implementing the strategy?
- E) Is there a better-matched CEO to implement this strategy?

Answer: E

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

55) To effectively manage strategic changes, it is important to communicate

- A) to management without letting other employees know until the change is complete.
- B) the rationale for the change to all employees.
- C) the change in just the centralized location so as not to upset any decentralized locations.
- D) in only company newsletters.
- E) with only those immediately involved in the change.

Answer: B

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

56) A top challenge reported by almost 70% of major U.S. corporations in mergers and acquisitions is

- A) selecting an appropriate CEO.
- B) integrating culture.
- C) paying for the transaction.
- D) laying off employees.
- E) deciding on a location for the new headquarters.

Answer: B

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

57) The method of managing two different cultures that is often accompanied by much confusion, conflict, resentment, and stress is

- A) consolidation.
- B) integration.
- C) separation.
- D) deculturation.
- E) assimilation.

Answer: D

Difficulty: Difficult

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

58) When managing corporate culture, the first question management must ask is

- A) what the change in strategy means to the corporate culture.
- B) whether a change in culture is needed.
- C) whether an attempt to change the culture is worth the likely costs.
- D) whether it is possible to manage around the culture.
- E) whether stakeholders will be impacted.

Answer: A

Difficulty: Difficult

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

59) Which CEO of Home Depot learned the dangers of attempting to change corporate culture?

- A) Jack Welch
- B) Robert Nardelli
- C) Alfred Chandler
- D) Julia Stewart
- E) Antonio Perez

Answer: B

Difficulty: Difficult

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

60) According to the text, what is the "key" to effective management of change in culture?

- A) planning
- B) operationalization
- C) evaluation
- D) staffing
- E) communication

Answer: E

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

61) Which one of the following is *not* one of the characteristics possessed by companies that have made successful major culture changes?

- A) The CEO has a strategic vision of what the company could become.
- B) If the vision is difficult, the CEO immediately terminates the goal.
- C) The vision is translated into objective, well-defined goals with appropriate incentives and recognition aides.
- D) The CEO communicates to all employees where the organization stands in relation to the competition and its outlook on the future.
- E) The CEO constantly updates the workforce as to the progress of the company in achieving those elements identified as important in attaining the vision.

Answer: B

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

62) Which one of the following is *not* one of the four general methods of managing two different cultures?

- A) separation
- B) deculturation
- C) integration
- D) assimilation
- E) segmentation

Answer: E

Difficulty: Easy

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

63) Which method of managing disparate cultures involves a relatively balanced give-and-take of cultural and managerial practices between the merger partners, and no strong imposition of cultural change on either company?

- A) separation
- B) deculturation
- C) integration
- D) assimilation
- E) segmentation

Answer: C

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

64) When Renault purchased a controlling interest in Japan's Nissan Motor Company to form one successful auto group from two with particular sensitivity to Nissan's culture, which approach to managing culture was employed?

- A) separation
- B) integration
- C) deculturation
- D) assimilation
- E) segmentation

Answer: B

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

65) Which method of managing disparate cultures involves one organization's domination over another willing organization?

- A) separation
- B) deculturation
- C) integration
- D) assimilation
- E) segmentation

Answer: D

Difficulty: Easy

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

66) Which method of managing disparate cultures is characterized by a separation of the two companies' cultures because of their differences?

- A) separation
- B) deculturation
- C) integration
- D) assimilation
- E) segmentation

Answer: A

Difficulty: Easy

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

67) Which method of managing disparate cultures is the most common and most destructive method of dealing with two different cultures because one company imposes its demands at the expense of another company's culture?

- A) separation
- B) deculturation
- C) integration
- D) assimilation
- E) segmentation

Answer: B

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

68) When Admiral was acquired by Maytag Corporation, the Admiral employees were willing to accept the dominance of Maytag's strong quality-oriented culture because they respected it. This demonstrates which approach to managing culture?

- A) integration
- B) separation
- C) deculturation
- D) assimilation
- E) segmentation

Answer: D

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

69) When AT&T acquired NCR Corporation, the NCR managers were replaced with an AT&T management team. Which management strategy was employed in terms of culture?

- A) integration
- B) separation
- C) deculturation
- D) assimilation
- E) segmentation

Answer: C

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

70) Corporate culture does not necessarily have to support the strategy of the firm.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

71) Corporate culture has a strong tendency to resist change because its very reason for existence often rests on preserving stable relationships and patterns of behavior.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

72) Implementation of staffing involves leading through coaching people to use their abilities and skills most effectively and efficiently to achieve organizational objectives.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

73) While an organization's culture can exert a powerful influence on the behavior of all employees, it can seldom affect a company's ability to shift its strategic direction.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

74) Corporate culture should support the strategy of the firm.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

75) A key to the effective management of change is communication.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

76) Assimilation involves the relatively balanced give-and-take of culture and managerial practices between the merger practices.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

77) When Boeing created a separate unit to house the newly acquired operations of McDonnell-Douglas, they were managing the different cultures through separation—structurally separated, without cultural exchange.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Analytical thinking

78) Separation involves the disintegration of one company's culture resulting from unwanted and extreme pressure from the other to impose its culture and practices.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

79) What are the four general methods of managing two different cultures?

Answer: There are four general methods of managing two different cultures.

Integration involves a relatively balanced give-and-take of cultural managerial practices between the merger partners, and no strong imposition of cultural change on either company. It merges the two cultures in such a way that the separate cultures of both firms are preserved in the resulting culture.

Assimilation involves the domination of one organization over the other. The domination is not forced, but it is welcomed by members of the acquired firm, who may feel for many reasons that their culture and managerial practices have not produced success.

Separation is characterized by a separation of the two companies' cultures. They are structurally separated, without cultural exchange.

Deculturation involves the disintegration of one company's culture resulting from unwanted and extreme pressure from the other to impose its culture and practices. This is the most common and most destructive method of dealing with two different cultures. It is often accompanied by much confusion, conflict, resentment, and stress.

Difficulty: Moderate

Learning Obj.: 11.2: Discuss how leaders manage corporate culture

AACSB: Application of knowledge

80) The strategy implementation tool used to determine what actions are going to be taken, by whom, during what time frame, and with what expected results is called a(n)

- A) mission statement.
- B) action plan.
- C) MBO.
- D) TQM.
- E) succession plan.

Answer: B

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

81) Strategic goals can be accomplished through defining an action plan. Which one of the following is *not* one of the components that make up an action plan?

- A) the specific actions to be taken
- B) who will perform the action
- C) during what time frame the action will be completed
- D) where the action will be done
- E) what are the expected results of the action

Answer: D

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

82) Action plans are important for several reasons. Which one of the following is *not* one of these reasons?

- A) If the action plan is implemented properly, it ensures that the strategy will be a success.
- B) It serves as a link between strategy formulation and evaluation and control.
- C) The action plan specifies what needs to be done differently from the way operations are currently carried out.
- D) During the evaluation and control process, an action plan helps in the appraisal of the performance and identifying remedial actions needed.
- E) Motivation may be improved with the assignment of specific responsibility.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

83) What does "MBO" stand for?

- A) Market Buy-Out
- B) Mergers, Buy-outs, and Options
- C) Multi-national Business Organization
- D) Manufacturing Backlog Order
- E) Management By Objectives

Answer: E

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

84) Which one of the following is *not* part of the process of MBO?

- A) establishing and communicating organizational objectives
- B) setting individual objectives that help implement organizational ones
- C) reinforcing rules and regulations
- D) developing an action plan of activities needed to achieve the objectives
- E) periodically reviewing performance as it relates to the objectives

Answer: C

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

85) Which of the following is *not* descriptive of the purpose of MBO?

- A) MBO provides an opportunity for the corporation to connect the objectives of people at each level to those at the next higher level.
- B) MBO operates independently and requires very little supervision or administration.
- C) The goals at each level ideally contribute directly towards overall organizational objectives.
- D) MBO provides a potential method of integrating the physical, financial and human resource plans of an organization as it relates to the goals of the individual.
- E) MBO ties the corporate, business, and functional objectives together along with the strategies used to achieve them.

Answer: B

Difficulty: Difficult

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

86) "TQM" refers to

- A) Total Questioning Methods.
- B) Terrible Quantitative Management.
- C) Tremulous Qualitative Methodology.
- D) Total Quality Management.
- E) Total Quality Methods.

Answer: D

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

87) Which of the following is *not* one of TQM's objectives?

- A) improve quality
- B) lower costs
- C) increased alignment of employee goals with management's objectives
- D) increase employee participation
- E) improve customer satisfaction

Answer: C

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

88) Which of the following is *not* an essential ingredient of TQM?

- A) intense focus on customer satisfaction
- B) internal as well as external customers
- C) action planning
- D) continuous improvement
- E) accurate measurement of every critical variable in a company's operations

Answer: C

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

89) TQM is committed to

- A) quality/excellence.
- B) improved communication.
- C) culture compatibility.
- D) mass customization.
- E) modular manufacturing.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

90) Many TQM principles have been incorporated into the series of standards and certifications of

- A) ISO 9000.
- B) MBO.
- C) AMT.
- D) 501K
- E) CDRH

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

91) Inspecting for quality in TQM emphasizes

- A) improving the process to prevent errors.
- B) identifying ways to cut costs.
- C) avoiding the use of quality teams.
- D) changing work relationships.
- E) avoiding measurement.

Answer: A

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

92) In TQM, giving employees wide latitude in how they go about achieving the company's goals is referred to as

- A) empowerment.
- B) continuous improvement.
- C) integration.
- D) assimilation.
- E) delegation.

Answer: A

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

93) Which of the following might *not* be included in an action plan?

- A) the person responsible for carrying out each action
- B) the compensation provided to the person responsible for completing each action
- C) the person responsible for monitoring the timeliness of each action
- D) contingency plans
- E) the dates to begin and end each action

Answer: B

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

94) One of the real benefits of MBO is the reduction in the amount of

- A) internal politics.
- B) culture clash.
- C) overhead expenses.
- D) defects.
- E) compensation paid.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

95) In MBO, the objectives of people at each level are connected to

- A) the objectives of those at the next higher level.
- B) specific action plans.
- C) the corporate strategy.
- D) financial consequences.
- E) SOPs.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

96) In 2014, one executive search firm reported what percentage of the CEOs selected to run S&P 500 companies were insiders?

- A) 10%
- B) 25%
- C) 40%
- D) 60%
- E) 80%

Answer: E

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

97) The average tenure of an outsider hired as a CEO

- A) tends to be significantly less than for insiders.
- B) is the same as that for insiders.
- C) tends to be significantly higher than for insiders.
- D) is tied directly to the firm's performance.
- E) is less than one year.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

98) Boards realize that the best way to force a change in strategy is to

- A) hire a new CEO who has no connections to the current strategy.
- B) hire an outsider with no experience in the industry.
- C) hire an insider dissatisfied with the status quo.
- D) continue with the current CEO.
- E) increase the compensation package for the CEO.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

99) Research indicates that companies undertaking cost-cutting programs

- A) are four times more likely than others to cut costs again.
- B) seldom reduce staff further.
- C) seldom undertake a strategic re-orientation.
- D) overwhelmingly improve financial performance in the long run.
- E) change strategy immediately.

Answer: A

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

100) An action plan states what actions are going to be taken, by whom, during what time frame, and with what expected results.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

101) One component of an effective action plan is the determination of the expected financial and physical consequences of each action.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

102) TQM links organizational objectives and the behavior of individuals.

Answer: FALSE

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

103) TQM is an operational philosophy committed to customer satisfaction and continuous improvement.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

104) One objective of TQM is better, less variable quality of the product and service.

Answer: TRUE

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

105) An essential ingredient of MBO is that an employee must be just as concerned with pleasing the internal customer as the external customer.

Answer: FALSE

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Analytical thinking

106) A rule of TQM is that you only improve what you measure.

Answer: TRUE

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

107) The emphasis of TQM is correction, not prevention.

Answer: FALSE

Difficulty: Easy

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

108) What information should an action plan include?

Answer: An action plan should include the following information:

- Specific actions to be taken to make the program operational.
- Dates to begin and end each action.
- Person (identified by name and title) responsible for carrying out each action.
- Person responsible for monitoring the timeliness and effectiveness of each action.
- Expected financial and physical consequences of each action.
- Contingency plans.

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

109) What are the four elements of the MBO process?

Answer: The Management by Objectives (MBO) process involves the following:

1. Establishing and communicating organizational objectives.
2. Setting individual objectives (through superior-subordinate interaction) that help implement organizational ones.
3. Developing an action plan of activities needed to achieve the objectives.
4. Periodically reviewing performance as it relates to the objectives and including the results in the annual performance appraisal.

Difficulty: Moderate

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge

110) What is TQM and what are its essential ingredients?

Answer: Total Quality Management (TQM) is an operational philosophy committed to *customer satisfaction* and *continuous improvement*. TQM is committed to quality/excellence and to being the best in all functions. Because TQM aims to reduce costs and improve quality, it can be used as a program to implement an overall low-cost or a differentiation business strategy. Many TQM principles have been incorporated into the ISO 9000 series of standards and certifications. While TQM is focused upon employee participation, refinement, and improvement, the ISO standards are tied to the reporting and data analysis of the process. The two can go hand-in-hand.

TQM's essential ingredients are:

- An intense focus on customer satisfaction.
- Internal as well as external customers.
- Accurate measurement of every critical variable in a company's operations.
- Continuous improvement of products and services.
- New work relationships based on trust and teamwork.

Difficulty: Difficult

Learning Obj.: 11.3: Utilize an action-planning framework to implement an organization's MBO and TQM initiatives

AACSB: Application of knowledge