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Section A - True or False

1. A corporate Goal is a means of measuring a firm's success.

- A) True
- B) False

2. A tactic sets measurable direction for the firm in the long run.

- A) True
- B) False

3. In the Globus simulation you are manufacturing drones in China.

- A) True
- B) False

4. According to our discussions in class Classical Firms in the simulation can be identified by a D/E ratio of 2.1.

- A) True
- B) False

5. In the simulation your firm will sell directly to buyers at the company website and to other retailers of commercial drones.

- A) True
- B) False

6. The projected worldwide growth for cameras in the first part of the simulation is 6%-8% per annum.

- A) True
- B) False

7. As discussed in class high price high-quality is a tactic used by companies to sell goods to the high-end market.

- A) True
- B) False

8. A P/Q rating of less than 4.0 for drones denotes a lower quality product.

- A) True
- B) False

9. A firm who has a higher price in the industry average price can overcome the disadvantage by making decisions to create a P/Q Quotient near 1.0 that will help the firm implement its high price high-quality strategy.

- A) True
- B) False

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10. Line graphs are extensively used throughout the simulation to measure performance one profitability measure used in the simulation industry as discussed in class as EPS and it measures a firm's ability to make profit using owners' equity.

- A) True
- B) False

Section B – Multiple Choice

11. One of the key concepts discussed in class regarding a firm's success is the need to develop _____ regardless of the type of business you are in.

- A) Short-term Strategies
- B) A Marketing Plan
- C) Significant Sales Force
- D) Production facilities in NAFTA & EU
- E) Both short -term tactics & Long-term strategies

12. In the drone industry that is used in the simulation, demand can be influenced by _____ among other factors.

- A) A firm planned production
- B) A firm's investment in technology in the production system
- C) Number of shares issued by each firm
- D) Sales volume generated each quarter
- E) Search engine advertising

13. A statement of ethical standards is important because:

- A) It provides a basis for decision making form known information
- B) It relates to the business community how your firm will behave and thus negotiate and honour contracts
- C) It lowers the cost of production
- D) It uses business terms that are measurable
- E) It holds no importance

14. Firms reward Stockholders for placing their investment at risk by:

- A) Increasing equity to match debt
- B) Reducing cost
- C) Borrow through debt financing
- D) Pay dividends
- E) All of the above

15. Two firms, one with 1,000,000 shares and one firm with 333,000 shares outstanding shares, and also assuming each firm faces exact same risk level and generates the same annual earnings, what should the relative stock prices be?

- A) Lower outstanding shares = Higher stock price
- B) Higher outstanding shares = higher stock price
- C) Lower outstanding shares = 3x Higher stock price
- D) Higher outstanding shares = 3x Higher stock price
- E) Both have the same stock price

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16. Which of the following is the most important international business strategy?

- A) Increasing # of sales reps
- B) High Cost, High Quality
- C) Increase in pricing
- D) Low price producer
- E) None of the above

17. Which of the following impacts your firm's overall success in the simulation?

- A) EPS
- B) ROE
- C) Image Rating
- D) Credit Rating
- E) All of the above

18. Forecasting demand plays what part in international marketing?

- A) Part of the overall marketing strategy
- B) It's a new way for supplies to enter the firm
- C) Disposable income
- D) Aggressive marketing to retailers
- E) A marketing tactic

19. Implementing the right strategy is key to International business success. After a strategy has been chosen/developed, in the first quarters of implementation a firm should:

- A) Adjust strategy depending on market forces and firm's ability to meet strategy
- B) Focus on pricing & gaining market penetration
- C) Focus on product quality to maintain/enhance market share
- D) Both a & b
- E) Adjust tactics depending on market forces and firm's ability to meet measure of success

20. If managed correctly to best implement a strategy, PAT members can be paid in a manner that results:

- A) Lower debt requirements
- B) Higher quality
- C) Wages that are on par with the industry
- D) Lower inflation
- E) None of the above

21. XYZ Men's Cologne had a projected forecasted demand of 8K units and an actual demand 7K units what can they do to improve their marketing decision?

- A) Add 1K units to future projected sales figures
- B) Increase advertising
- C) Create a line graph to compare projected & actual sales figures
- D) Increase pricing
- E) Eliminate operational costs

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22. How can Porter's 5 Forces be used in implementing a firm's strategy

- A) Describe each of the 5 forces
- B) Describe how rivalry will impact pricing decisions
- C) Describe which of the 5 forces hold power to influence the industry
- D) Describe the customers and their power to influence pricing decisions
- E) Describe the pricing decisions of each competitor

23. If the economic demand index drops from 2.1 to 1.9 in 1 quarter, then demand is:

- A) Increasing
- B) Decreasing
- C) staying the same
- D) EDI does not impact demand, it impacts supply

24. In the simulation a credit rating of 1 is:

- A) Very good
- B) Very bad
- C) Implies high debt
- D) Provides a measure of profitability
- E) The rating system is based on letters, not numbers

25. A D/E of 1.2 signifies which type of firm?

- A) Classical/Global
- B) Manufacturing
- C) Distributor
- D) Retail
- E) All of the above

26. Increasing Quality control expenditures to reduce product returns is an example of:

- A) Objective
- B) Operational strategy
- C) Financial tactic
- D) Goal
- E) Operational Tactic

27. _____ is a key success factor in the simulation & in the international market.

- A) Low-cost production
- B) Highly visible marketing/promotions
- C) Clear, well implemented strategy
- D) Cash balance > \$1'000'000/quarter
- E) D/E ratio of 1.2

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28. What is the purpose of the CMO's market forecast comparison graph?

- A) To plan for future production
- B) To determine break-even sales
- C) Eliminate back orders
- D) Adjust pricing point
- E) To see if the forecasting is accurate

29. Paying dividend may help your EPS measure. In order to pay dividends in the simulation, a firm must maintain \$ _____ in Equity.

- A) \$330'000
- B) \$500'000
- C) \$1'000'000
- D) \$100'000
- E) \$100'000'000

30. the decision is Q 29 is called a

- A) Financial Strategy
- B) Marketing Strategy
- C) Marketing Tactic
- D) Financial Tactic
- E) Mission Statement

31. A strategy contains:

- A) A comprehensive plan that defines the future direction of the firm
- B) A mission statement that provides corporate goals/measure of success
- C) Comprehensive plan that identifies long-term direction for the firm so that resources can be allocated properly
- D) Simple terms of direct marketers on how to best to sustain advantages in the marketplace
- E) Specific measures in actions on how to increase profitability

32. Purebred Dog Food Inc. are reviewing their latest financial statements and are concerned with their D/E ratio. Purebred Dog Food Inc. manufactures dog food then sells it to the retail market. What is most likely the issue?

- A) Significantly Above 0.12
- B) Significantly Above 1.2
- C) Significantly Above 12
- D) Significantly Below 12
- E) None of the above

33. Purebred Dog Food Inc. operates in a highly competitive business. In order to prove that their product is both quality and within budget, Purebred Dog Food Inc. should _____.

- A) Increase quality control expense by 3% to increase profits
- B) Increase quality control expense by 3% to increase market share
- C) Increase quality control expense by 3% to increase P/Q Rating
- D) Compare the acceptable level of product returns of 3% to the actual level of product returns
- E) All of the Above

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34. One-way firms can increase their product quality is by _____.

- A) Investing in technology
- B) Tying increased quality to an increase in works wages
- C) Both A & B
- D) Increasing brand awareness
- E) Matching price with quality

35. The correct answer in question 34 is called?

- A) Strategy
- B) Tactic
- C) Marketing Tactic
- D) Operational & HR Tactic
- E) Operational Tactic

36. Harley Davidson moving its production from North America to the Europe Union to avoid heavy tariffs imposed on American steel is an example of what?

- A) Strategy
- B) Tactic
- C) Marketing Tactic
- D) Operational Tactic
- E) Strategic Mission Statement

37. After assessing the external environment, the executives set up contingent plans which includes a set of tactics to mitigate these potential risks. This displays the firm's corporate executives are _____.

- A) Good Planners
- B) Autocratic Leaders
- C) Aware of cost structures
- D) Illustrating marketing knowledge
- E) Always preparing for the unknown

38. XYZ Boats Ltd, manufactures vintage Riva boats in Langley BC, Using only the finest materials. Their focus was on the luxury boat market in Canada. After a 35% increase in material costs, XYZ Boats switched to producing larger quantities using operational efficiencies. This is a change in _____ for the company.

- A) Strategy
- B) Demographics
- C) Psychographics
- D) Goal
- E) Tactic

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39. Harley Davidson's advertising highly revolves around the image their products create. In Global Strategy, which of the following best illustrates this?

- A) Low-Cost Producer
- B) High Quality
- C) Price Penetration
- D) Best Location
- E) High Price High Cost

40. A company lists their measures of success in _____.

- A) Vision Statement
- B) Mission Statement
- C) Strategic Statement
- D) Tactical Statement
- E) None of the Above