***Strategic Management, 4e* (Rothaermel)**

**Chapter 1 What Is Strategy?**

1) A good strategy is a set of actions that enables a firm to achieve its own internal goals without regard to the external environment.

2) The following statement by the chief executive of SunStar movie studio is an effective strategy: "We will produce the greatest films of the 21st century."

3) A vision describes in broad, inspirational terms what an organization hopes to accomplish in the future.

4) A mission describes how a firm will accomplish the broad goals set out in a vision statement.

5) Product-oriented vision statements are better suited than customer-oriented vision statements for helping companies to adapt to changes in the external environment.

6) Core values provide ethical guidelines for how individual employees will behave.

7) Managers should create two sets of core values, one for employees and one for themselves.

8) The three tasks of the AFI strategy framework are to Assemble a prototype, Find a buyer, and Incorporate feedback.

9) Questions asked during the strategy analysis stage of the AFI framework include "How does the firm make money?" and "What effects do forces in the external environment have on the firm's potential to gain and sustain a competitive advantage?"

10) Once a strategy has been formulated and implemented, it is important that the firm sticks to it no matter what happens.

11) Which of the following strategies does Tesla need to implement or achieve to gain a competitive advantage?

A) imitate the features of the most popular SUVs on the market

B) reinvest profits to build successively better electric automobiles

C) sell advertising space on their cars' digital displays

D) substitute less-expensive components to keep costs low

12) \_\_\_\_\_\_\_\_ is best described as an integrative management field that combines analysis, formulation, and implementation in the quest for competitive advantage.

A) Supply chain management

B) Integrated technology management

C) Strategic management

D) Inventory management

13) \_\_\_\_\_\_\_\_ is best described as a set of goal-directed actions a firm takes to gain and sustain superior performance relative to competitors.

A) Behavior modification

B) Strategy

C) Credo

D) Competency management

14) Which of the following stages of the strategic management process involves an evaluation of a firm's external and internal environments?

A) strategy analysis

B) strategy implementation

C) strategy formulation

D) strategy control

15) In \_\_\_\_\_\_\_\_, a firm frames a guiding policy to address the competitive challenge.

A) strategy control

B) strategy implementation

C) strategy formulation

D) strategy analysis

16) Through \_\_\_\_\_\_\_\_, a firm puts its guiding policy into practice by employing a set of coherent actions.

A) strategy control

B) strategy implementation

C) strategy formulation

D) strategy analysis

17) Which of the following is an element of good strategy?

A) a summary of the firm's history within its industry

B) a guiding policy to address employee satisfaction

C) a set of coherent actions to implement the firm's guiding policy

D) an approach that underestimates the competition

18) Green Jeans, Inc. had a mission to become the leading producer of environmentally friendly blue jeans, an emerging and in-demand category in the apparel industry. Its strategy involved leveraging a network of organic cotton farmers and suppliers of environmentally responsible synthetic materials to create a product that is durable, attractive, affordable, and 100% recyclable. However, because it did not upgrade its outdated production facilities, Green Jeans could not assemble its products at a low-enough cost to offer the jeans at a price that was attractive to customers. Green Jeans' strategy failed because

A) it failed to consider the competitive challenge.

B) it was not backed up with strategic commitments.

C) managers did not live by the company's core values.

D) the company did not stake out a unique strategy position.

19) Which of the following is an example of competitive parity?

A) A firm manufactures higher-quality wall clocks than its competitors.

B) A firm provides wall clocks that its consumers value more than other wall clocks.

C) A firm sells wall clocks at a lower price than its competitors.

D) A firm produces a similar number of wall clocks at a similar cost as its competitors.

20) A firm that achieves superior performance relative to other firms in the same industry or the industry average has a(n)

A) competitive advantage.

B) balanced scorecard.

C) power position.

D) equity leverage.

21) Powell Lighting was the first company to start selling LED light bulbs in its country—a product that gained popularity among diverse groups. Soon, other companies started to sell their own brands of LED bulbs, thereby giving Powell Lighting ample competition. In response, Powell Lighting decided to limit its LED light bulbs to outdoor models. However, it ensured that these models were the longest-lasting and lowest-priced on the market. With this innovation, Powell Lighting consistently outperformed its competitors for ten years. In this scenario, Powell Lighting maintained a \_\_\_\_\_\_\_\_ through its innovative strategy.

A) balanced scorecard

B) fiduciary responsibility

C) consistent power position

D) sustainable competitive advantage

22) Which of the following scenarios illustrates a firm that has a sustainable competitive advantage?

A) Jamison Inc. generated revenue of $300,000 this financial year, which is close to the industrial revenue average of $320,000.

B) CR Inc. almost doubled its sales to 9,000 units this year compared to its previous year's sales of 5,000 units, though the industry average is 10,000 units.

C) Zhang Corp. was able to hold its market share of 68 percent in the social networking industry for more than three years.

D) Peak Inc. was able to outperform its competitors with its new production system, in terms of revenue, for a brief period of four months.

23) If Zephyr Electronics obtains an 18 percent return on invested capital, which of the following will help determine if it has a competitive advantage over other pharmaceutical companies?

A) comparing the return to the return on invested capital obtained by other firms in the industry

B) assessing the value based on the shareholders' expectations of return on their capital

C) evaluating the liquidity ratios for other pharmaceutical companies

D) comparing the value to the history of the firm's return of investment over a number of years

24) Underperformance relative to other firms in the same industry or the industry average results in a(n) \_\_\_\_\_\_\_\_ for a firm.

A) sustainable competitive advantage

B) increased power distance

C) diseconomies of scope

D) competitive disadvantage

25) Mainline Ltd. is a landline telephone manufacturer whose average return on invested capital is approximately 2 percent. Because demand for landline telephones has declined significantly, the industry average return on invested capital has been negative (–5 percent) for the last few years. In this scenario, Mainline Ltd. has a

A) competitive advantage.

B) balanced scorecard.

C) competitive disadvantage.

D) power position.

26) Rapida Inc. and Click Inc. are two companies that have been manufacturing typewriters for almost 30 years. Due to the reduced demand for typewriters today, both companies' average return on invested capital is approximately –5 percent. The current industry average is 2 percent. In this scenario, Rapida Inc. and Click Inc. most likely have

A) competitive advantage over other firms in their industry.

B) competitive parity with each other.

C) strategic alliance with each other.

D) economies of scope instead of economies of scale.

27) The average cost of production for a bottle of vitamin water in the industry is $4 while its average price is $7. StoreAll Inc. manufactures the same product for $3 per bottle and sells it for $7 per bottle. Which of the following statements is most likely true of StoreAll Inc. in this scenario?

A) It has a competitive advantage in the industry.

B) It has a competitive disadvantage in the industry.

C) It has competitive parity with other firms in the industry.

D) It has formed a strategic alliance with other firms in the industry.

28) A firm is said to gain a competitive advantage when it can

A) exceed its own previous performances.

B) provide products similar to its competitors, but at lower prices.

C) perform at the same level as that of its competitors.

D) minimize the difference between value creation and cost.

29) FindFor Inc. is an e-commerce retail firm that sells a variety of merchandise online. Through services like cash on delivery, easy return, and online tracking, the company has created more customer value than its competitors (brick-and-mortar businesses) at the same price. Also, the company's costs are substantially lower than its competitors because of minimal investments in operation and administration. In this scenario, FindFor Inc. has most likely been able to provide superior value and cost control through

A) strategic parity.

B) strategic profiling.

C) strategic liquidation.

D) strategic positioning.

30) As the strategic manager of CutRite Scissors, you are tasked with producing a strategy for introducing a new line of premium scissors. Your competitor produces a line of similar scissors at a cost of $1 and sells them for $12. Because your company has inferior production capabilities, your scissors will cost $3 each to produce. However, your handle is proven to be more comfortable than your competitors'. Assuming you are guaranteed to sell the same number of units as your competitor, which of the following strategies is most likely to achieve a competitive advantage?

A) Reduce the quality of materials used in CutRite scissors to bring unit costs down to $1, then sell the scissors for $12.

B) Continue to produce CutRite scissors for $3 but set the price at $10.

C) Offer a buy-one-get-one-free sale on CutRite scissors.

D) Market CutRite scissors as a higher-quality alternative and sell them for $15.

31) A firm *always* has a competitive disadvantage when its return on invested capital is

A) below the industry average.

B) 2 percent or lower in a declining industry.

C) about the same as its closest competitor.

D) declining steadily over two or more years.

32) Silver Screen Cinemas Inc. and Digi Now Inc. are two companies that own and run movie theaters in malls and other commercial areas. While Silver Screen Cinemas Inc. pursues a cost-leadership strategy, Digi Now Inc. adopts a differentiation strategy. Which of the following statements is most likely true of this scenario?

A) Silver Screen Cinemas will charge a premium price for its customers, while Digi Now will implement everyday low pricing.

B) Digi Now and Silver Screen Cinemas will not be direct competitors to each other, and their customer segments will overlap very little.

C) Digi Now will keep its customer service at an acceptable level, while Silver Screen Cinemas will provide superior customer service.

D) Silver Screen Cinemas and Digi Now will use a similar approach to create value for customers by attempting to offer everything to everybody.

33) For a firm that operates in an industry where competition is high, which of the following practices will result in inferior performance?

A) choosing a distinct but different strategic position in the industry

B) working toward increasing the difference between value creation and cost

C) trying to be everything to everybody by combining different competitive strategies

D) focusing on creating value for customers rather than destroying rivals

34) If a company wants to gain a competitive advantage in a highly competitive industry, it should ideally

A) execute an integrated cost-leadership and differentiation position.

B) copy the strategies of other firms through competitive benchmarking.

C) provide goods or services similar to its competitors at higher prices.

D) stake out a unique position within the industry.

35) Jake's Taxi Service is a new entrant to the taxi industry. It has achieved success by staking out a unique position in the industry. How did Jake's Taxi Service mostly likely achieve this position?

A) providing long-distance cab fares at a higher rate than competitors; servicing a larger area than competitors

B) providing long-distance cab fares at a lower rate than competitors; servicing a smaller area than competitors

C) providing long-distance cab fares at a higher rate than competitors; servicing the same area as competitors

D) providing long-distance cab fares at a lower rate than competitors; servicing the same area as competitors

36) Noodles 2 Go and Sal's Trattoria are two restaurants serving Italian cuisine. While Noodles 2 Go focuses on providing quick, affordable pasta dishes for the lunch crowd, Sal's Trattoria focuses on serving home-style dishes in an upscale, romantic setting. Both companies have been able to gain a competitive advantage. This is most likely because the companies have

A) benefitted from economies of scale.

B) entered into a cartel arrangement.

C) pursued distinct strategic positions.

D) engaged in direct imitation and substitution.

37) Which of the following is an implication of all firms in an industry pursuing a low-cost position through application of competitive benchmarking?

A) No firm would face direct competition from others in the industry; hence, profit potential would be high.

B) Each firm would be catering to a different customer segment.

C) The firms would eventually have no resources to invest in product and process improvements.

D) Each firm would be in a better position to gain a competitive advantage.

38) Toy sales have declined by 10 percent each year, forcing many retailers to exit the industry. To eliminate its remaining competition, Bleaker Toys sells all of its product at a loss and relies on its significant cash holdings to cover costs until its competition is forced to exit the industry. Is this an example of a successful strategy? Why or why not?

A) Yes. Any strategy that forces competition from the market is by definition successful.

B) Yes. Bleaker has achieved a sustainable competitive advantage by selling its toys at a lower price than competitors.

C) No. Bleaker has failed to create value for its customers.

D) No. Bleaker's strategy and competitive advantage are unsustainable.

39) Which of the following statements should ideally reflect a firm's strategy for competitive advantage?

A) Our strategy is to win at any cost.

B) We will be number one in the industry.

C) Our aim is to create superior customer value while controlling costs.

D) We want to be the market leader by replicating our competitor's strategy.

40) Cobalt Sodas has seen its market share erode in recent years, as consumers increasingly turn toward healthier beverage choices such as unsweetened sparkling water. Hoping to rekindle interest in sugary sodas, Cobalt decides to produce a limited run of "throwback" cans using labeling first introduced in the 1980s. What is wrong with this strategy?

A) It fails to face the competitive challenge.

B) It does not involve concrete actions.

C) It lacks strategic commitments.

D) It tries to be everything to everybody.

41) The Founder of Teach for America, Wendy Kopp, wants to make teaching an attractive option for promising young professionals. Identify the phrase that represents the vision she developed for Teach for America.

A) to improve standardized test scores across the board

B) to cut wasteful spending from education budgets

C) to encourage parents to take a more active role in their children's education

D) to give all children in the United States the opportunity to attain an excellent education.

42) The Founder of Teach for America, Wendy Kopp, established a mission by building on her vision, which is "One day, all children in this nation will have the opportunity to attain an excellent education." Considering this, how did Klopp implement the mission of Teach for America?

A) by enlisting talented young professionals as teachers

B) by offering funds to increase the salaries of low-income teachers

C) by starting her own line of private schools

D) by starting a fundraising campaign to improve school infrastructure

43) The first step to gain and sustain a competitive advantage is to

A) define a firm's vision, mission, and values.

B) understand the strategies of the competitors.

C) put the guiding policies of a firm into practice.

D) develop functional and business-level strategies.

44) Free Winds, Inc. is a company that manufactures a variety of generators that run on wind power. The company envisions that wind technology will replace all forms of exhaustible energy sources in the near future. Which of the following statements will make an accurate vision for Free Winds?

A) We make products that run on wind energy.

B) All nations around the globe should be able to provide energy produced by sustainable sources.

C) The company aims to make working fun and pleasurable for its employees.

D) We provide energy-efficient sources and services by investing in research and innovation.

45) True Help is a nonprofit organization that works toward rehabilitating the homeless. The credo of the organization is "help us help you." For an organization like True Help, which of the following statements would make an appropriate mission?

A) Help us help you find a home.

B) One day, everyone in this nation will have a home to protect themselves.

C) We help the homeless gain and sustain financial independence by providing employment opportunities.

D) Our mission is to turn this not-for-profit organization into a for-profit organization so that the stakeholders benefit.

46) Strategic commitments are actions that are

A) inexpensive.

B) long-term oriented.

C) easy to reverse.

D) easy to imitate.

47) Visionary companies are able to outperform their competitors because

A) their vision statements are more product-oriented.

B) they provide more aspirational visions.

C) their visions are primarily financial.

D) they isolate internal stakeholders in defining their visions.

48) To be effective, firms need to

A) back up their visions with strategic commitments that are costly and difficult to reverse.

B) increase their strategic flexibility by developing product-oriented vision statements.

C) isolate top managers from the organizational values.

D) pursue visions that are exclusively financial and not aspirational.

49) Strategic commitments are actions that are

A) inexpensive, long-term oriented, and difficult to reverse.

B) inexpensive, short-term oriented, and easy to reverse.

C) costly, long-term oriented, and difficult to reverse.

D) costly, short-term oriented, and easy to reverse.

50) Fuentes Electronics is a major manufacturer of microwave ovens. Which of the following statements will best inspire the organization with a shared vision for Fuentes Electronics?

A) At Fuentes Electronics, employees know that they will make a competitive wage.

B) At Fuentes Electronics, employees at all levels are motivated to make the best microwave ovens on the market.

C) At Fuentes Electronics, employees want to create a cheaper microwave oven than our closest competitor does.

D) At Fuentes Electronics, employees can trust our managers to steer company.

51) Which of the following summarizes the difference between a firm's vision and mission?

A) A vision states what a firm wants to accomplish; a mission states how a firm plans to accomplish this vision.

B) A vision states the ethical values of a firm; a mission states the monetary goals of a firm.

C) A vision states how much a firm wants to earn; a mission states how these earnings will be accomplished.

D) A vision states the management values of a firm; a mission states the values of the other workers.

52) Soil and Sod Gardening Supplies has a vision of helping every American learn how to grow their own food. Its management team recently unveiled the mission statement "A garden at every home." What is wrong with this mission statement?

A) It does not indicate how the company will accomplish its goals.

B) It does not include a stretch goal.

C) It is not inspirational and motivating for employees.

D) It is too specific.

53) Upper management at Softstep Inc., a manufacturer of insoles for shoes, wants to work on improving the product lines it already has without taking on other challenges at this time. Which of the following vision statements reflects that goal?

A) Softstep Inc. wants to adapt their insoles to the changing demands of consumers.

B) Softstep Inc. wants to always satisfy the consumers who purchase insoles.

C) Softstep Inc. wants to provide the best benefits for employees in the insole industry.

D) Softstep Inc. wants to be the best manufacturer of insoles in the industry.

54) A customer-oriented vision statement focuses employees to think about how best to

A) make a product easier to use.

B) increase their efficiency to benefit consumers.

C) improve a popular product.

D) solve a problem for a consumer.

55) Why is it better for firms to keep their vision statements customer-oriented rather than product-oriented?

A) Customer-oriented visions tend to have a more short-range view of changing environments.

B) Customer-oriented visions tend to have a more myopic view of changing environments.

C) Customer-oriented visions tend to be more flexible when adapting to changing environments.

D) Customer-oriented visions tend to be more stable when dealing with changing environments.

56) Which of the following statements about product-oriented visions is true?

A) They tend to force managers to take a myopic view of the competitive landscape.

B) They allow companies to effectively adapt to changing environments.

C) They define a business in terms of providing solutions to customers.

D) They allow firms to set goals that focus primarily on filling the organization's needs.

57) Bubble Buddy is a company that manufactures hot tubs. Which of the following best illustrates a product-oriented vision for Bubble Buddy?

A) to make people's lives simple and easy

B) to demonstrate to customers the health benefits of hot tubs

C) to help people improve the value of their homes

D) to be the pioneering manufacturer of hot tubs

58) Which of the following statements is true of customer-oriented visions?

A) Customer-oriented visions identify how a customer need will be met.

B) Customer-oriented vision statements are not the same as listening to your customer.

C) Customer-oriented visions reduce a company's ability to adapt to a changing environment.

D) Customer-oriented visions define a business in terms of goods or services provided.

59) Which of the following is a customer-oriented vision?

A) to be the most progressive insurance company

B) to be the best automobile company in the world

C) to enable businesses to improve their employee communications

D) to manufacture innovative products through continuous learning

60) Pioneer Pharma Inc. and GH Medicines Corp. are two competing firms in the pharmaceutical industry. While Pioneer Pharma Inc.'s vision is "to be a preeminent drug manufacturer in the industry," GH Medicines Corp.'s vision is "to make good health a reality for everyone around the world." Which of the following is an implication of these different visions?

A) GH Medicines' vision is more product-oriented than the vision of Pioneer Pharma.

B) Pioneer Pharma is more likely to have a positive relationship between its vision and firm performance than GH Medicines.

C) Pioneer Pharma's vision is more long-term and futuristic than GH Medicines' vision.

D) GH Medicines will be more flexible than Pioneer Pharma when adapting to changing environments.

61) Which of the following vision statements is most likely to produce a sustainable competitive advantage for an auto dealership?

A) to generate the highest revenues of any dealership in the region

B) to sell only the highest-rated luxury vehicles

C) to open dealerships all across the country.

D) to help our customers find the perfect car for their individual needs.

62) A positive relationship between vision statements and firm performance is more likely to exist when

A) visions are product-oriented.

B) internal stakeholders are isolated from defining and revising the visions.

C) organizational structures are aligned with the firm's vision statement.

D) vision statements are equivalent to listening to the customers.

63) Marigold Servers, a web services firm, has experienced a 7% decline in revenues in consecutive quarters. In an effort to reduce operating costs, managers reduced the customer service staff from 12 employees to 6. Management also enlisted the remaining employees to help produce a new company vision: *to give customers of all budgets a customizable, stress-free web hosting experience*. What is wrong with this scenario?

A) Marigold's vision is not customer-oriented.

B) Internal stakeholders were not invested in defining the vision.

C) Marigold's organizational structures do not align with the vision.

D) Marigold's vision is not aspirational.

64) Which of the following is an example of a business acting upon an organizational core value?

A) Pegasus Autos reduces engine emissions below federal guidelines to reduce pollution.

B) Pegasus Autos lowers its retail prices to gain an advantage over its closest competitor.

C) Pegasus Autos finances research for developing more powerful engines.

D) Pegasus Autos launches an ad campaign that promotes the company as being environmentally friendly.

65) How do strong ethical values benefit a firm?

A) They lay the groundwork for a quick increase of profits and short-term success.

B) They serve as the guardrails put in place to keep the company on track when pursuing its mission.

C) They provide strong public relations, which can either benefit or hinder competitive advantage.

D) They emphasize benefiting stakeholders by significantly increasing profit.

66) Fuller Apparel's core value statement reads *we will ensure our clothing is made with the highest respect toward human rights and environmental protection*. Which of the following actions exemplifies how Fuller's core values drive its strategic decision making?

A) demanding that textile suppliers pay livable wages and maintain safe production facilities

B) introducing an online customer service unit to keep customers happy

C) investing in more efficient machinery to reduce costs and lower prices for consumers

D) purchasing a full-page advertisement in a major newspaper touting the company's values

67) The management of Toshi Manufacturing showed a commitment to \_\_\_\_\_\_\_\_ by increasing the salary of many female employees to meet its goal of having equal pay for women and men who perform comparable work.

A) scenario planning

B) upper-echelons theory

C) product-oriented vision

D) organizational core values

68) \_\_\_\_\_\_\_\_ are best described as the ethical standards and norms that govern the behavior of individuals within a firm.

A) Job descriptions

B) Customs duties

C) Corrective controls

D) Organizational core values

69) Organizational core values are the \_\_\_\_\_\_\_\_ that govern the behavior of individuals within a firm or organization.

A) economic measures

B) ethical standards and norms

C) political principles and policies

D) social beliefs and actions

70) When do employees fail to adopt the organizational values of a firm?

A) when the internal stakeholders of the firm are involved in designing the values

B) when the top managers in the firm are merely paying lip service to the firm's stated values

C) when the strategic leaders in the firm propagate and exhibit the same values

D) when the organizational structure, such as its strategic decision making, is aligned with its values

71) Organizational values help individuals make choices that are

A) legal but unethical.

B) both illegal and effective.

C) both ethical and effective in advancing a company's goals.

D) ethical but ineffective in achieving long-term success.

72) The pharmaceutical company Merck's new drug Vioxx was a blockbuster, generating revenues of $2.5 billion a year by 2002 and growing fast. When allegations that the drug caused heart attacks and strokes began to appear in the medical community, and that Merck had suppressed evidence about Vioxx's dangerous side effects from early clinical trials, Merck announced the voluntary withdrawal of Vioxx from the market. In this example, Merck provides an example of what can happen if a company deviates from its

A) voluntary responsibilities.

B) realized strategy.

C) core values.

D) strategic decisions.

73) The \_\_\_\_\_\_\_\_ is a model that links strategy analysis, strategy formulation, and strategy implementation, which together helps managers plan and implement a strategy that can improve performance and result in competitive advantage.

A) Ansoff's growth strategy matrix

B) AFI strategy framework

C) Sarbanes-Oxley Act

D) stakeholder impact analysis

74) Managers use the AFI strategy framework to

A) help their business achieve and sustain competitive parity.

B) minimize the wealth of their shareholders.

C) help reduce the economic contribution of their business.

D) explain and predict differences in firm performance.

75) According to AFI strategy framework, in which of the following tasks of strategic management is a firm's vision, mission, and values identified?

A) strategy control

B) strategy analysis

C) strategy formulation

D) strategy implementation

76) In the AFI strategy framework, strategy analysis primarily involves

A) evaluating the effects of internal resources and core competencies on a firm's potential to gain and sustain a competitive advantage.

B) designing a business, corporate, and global strategy to gain and sustain a competitive advantage.

C) organizing a firm in order to effectively put the formulated strategy into practice.

D) deciding the type of corporate governance that would be most effective in the implementation of a strategy.

77) You are the manager in charge of setting the strategy for a new frozen yogurt company. Which of the following questions would be appropriate for you to ask during the analysis phase of the AFI strategy framework?

A) Should we open our first location in Los Angeles or New York City?

B) How have consumer preferences in frozen yogurt flavors changed in the last five years?

C) Should we be competing nationally or internationally?

D) Can we secure relationships with enough organic dairy farmers to meet our commitment to using the healthiest ingredients?

78) Which of the following stages in the AFI strategy framework involves designing a business, corporate, and global strategy?

A) strategy control

B) strategy implementation

C) strategy analysis

D) strategy formulation

79) Which of the following tasks in the AFI strategy framework involves putting the formulated strategy into practice through organizational structure, culture, and controls?

A) strategy formulation

B) strategy implementation

C) strategy analysis

D) strategy evaluation

80) During strategy implementation, managers primarily focus on deciding the

A) type of corporate governance that is most effective and ways in which it can put the formulated strategy into practice.

B) industries and markets the firm should compete in to be able to gain and sustain a competitive advantage.

C) relationship between competitive advantage and firm performance.

D) role strategic leaders should play in gaining and sustaining a competitive advantage.

81) Which of the following provides an example of what AFI strategy framework is used for?

A) Using AFI, the Gasquet Motor Company was able to implement a strategy that produced high-quality cars more efficiently and thereby reduced costs.

B) Using AFI, the Chen Restaurant Group was able to improve employee benefits and thereby increase employee loyalty.

C) Using AFI, the Sanchez Clothing Company was able to implement a strategy that allowed them to give more money to charities and thereby gain good press.

D) Using AFI, the Richardson Tea Group was able to reduce the pollution it caused while processing tea and thereby receive an award.

82) What part of the AFI strategy framework does the question "*How does the firm make money?"* relate to?

A) strategic leadership and the strategy process

B) competitive advantage, firm performance, and business models

C) external analysis

D) internal analysis

83) While creating its AFI strategy framework, Valdez Consultants decided what markets the firm should compete in. By doing this, what type of strategy did the company devise?

A) business strategy

B) corporate strategy

C) global strategy

D) ethical strategy

84) During an AFI planning session, the managers of the Fukuhara Motorcycle Corporation decided to place various stages of production in different countries in order to implement the strategy of cutting overhead costs. By doing this, what issue did the firm address?

A) philanthropic strategy

B) business ethics

C) corporate governance

D) organizational design

85) As manager of a major producer of automobile airbags, you have recently introduced the following vision statement: *to protect the health of every driver and passenger*. How can you ensure that your employees feel invested in and inspired by the firm's vision?

A) Include a "vision adherence assessment" in each employee's annual performance review.

B) Hang banners around the production facility touting the new vision statement.

C) Ask employees for feedback on the vision statement and revise based on their input.

D) Give a speech explaining why everyone should support the new vision.

86) What are the elements of a good strategy? Provide the elements and briefly explain how they are accomplished.

87) Define and elaborate on competitive advantage.

88) How is competitive advantage different from competitive parity?

89) What is the relationship between economic contribution and competitive advantage?

90) Why is it important for firms in the same industry to choose distinct but different strategic positions?

91) Why is it important for a business to have a vision?

92) How does a mission statement differ from a firm's vision?

93) Explain product-oriented vision statements with the help of an example.

94) What are customer-oriented vision statements? Explain with the help of an example.

95) Why is it better for firms to keep their vision statements customer-oriented rather than product-oriented?

96) Comment on the statement "Customer-oriented visions do not define how a customer need will be met."

97) Define organizational core values with the help of an example.

98) What functions do strong ethical values serve?

99) Why is it important for top management of a company to show commitment and involvement toward organizational values?

100) Describe the three broad tasks of the AFI strategy framework and provide examples of the topics and questions that managers address in relation to each task.