Short Answer Questions Chapter 1-6

Chapter One (1)

1. Briefly define each of the following terms:
   a. Strategy
   b. Sustainable competitive advantage
   c. Business model

2. Identify and briefly describe the four most frequently used strategic approaches to achieving a sustainable competitive advantage. Provide examples.

3. What is the connection between a company’s strategy and its quest for sustainable competitive advantage?

4. Should a company’s strategy be tightly connected to its quest for competitive advantage? Why or why not? What difference does it make whether a company has a sustainable competitive advantage or not?

5. List five things to look for in identifying the components of an organization’s strategy.

6. Why does a company’s strategy tend to evolve over time?

7. Why is a company’s strategy partly proactive and partly reactive?

8. Is it more accurate to think of strategy as being “proactive” or as being “reactive?” Why?

9. Explain why a company’s strategy cannot be completely planned out in advance and why crafting a company’s strategy cannot be a one-time, once-and-for-all managerial exercise. Identify at least 3 factors that account for why company strategies evolve.

10. What determines whether a company’s strategy is “ethical?” Why should a company care where its strategy can pass the test of moral scrutiny so long as each of its strategic actions fall within the bounds of what is considered legal?

11. If a company’s strategic actions are legal, then its strategy qualifies as ethical. True or false? Give examples to support your answer.

12. Explain the difference between a company’s business model and a company’s strategy.

13. What are the three criteria for determining whether a company has a winning strategy?

14. How can one tell a winning strategy from a strategy that is mediocre or a loser?

15. Why is sustainable competitive advantage so important to a winning business strategy?

16. Why is it appropriate to argue that good strategy-making combined with good strategy execution are valid signs of good management?

17. Powerful execution of a powerful strategy is a proven recipe for winning in the marketplace. True or false? Explain your answer.

18. Good strategy + good strategy execution = good management. True or false? Justify and explain your answer.
Chapter 2

1. What are the five phases of the strategy-making, strategy-executing process and what does each one involve?

2. Define and briefly explain what is meant by each of the following terms:
   a) strategic vision
   b) stretch objectives
   c) strategic objective
   d) strategic plan

3. A well-conceived strategic vision helps prepare a company for the future. True or false? Explain and justify your answer.

4. Explain why an organization needs a strategic vision. What purpose does a strategic vision serve?

5. What is the managerial value of a good strategic vision?

6. What is the difference between a mission statement and a strategic vision?

7. Which is more important—a company’s mission statement or its strategic vision? Explain.

8. How can one tell if a company has an ethical strategy?

9. Identify the key characteristics of a well-stated organizational objective.

10. What is meant by the term “stretch objectives?” Is it important that companies establish stretch objectives? Why or why not?

11. Why does an organization need both financial and strategic objectives?

12. Explain the difference between financial objectives and strategic objectives. Give examples of each.

13. What are the qualities of a “well-stated” objective? Give an example of a well-stated financial objective and a well-stated strategic objective.

14. The achievement of financial objectives tends to be a lagging indicator of a company’s performance while the achievement of strategic objectives tends to be a leading indicator of a company’s future financial performance. True or false? Support and explain your answer.

15. What is the meaning of the term “balanced scorecard?” What are the merits of using a balanced scorecard in judging a company’s performance?

16. Which is more important to a company’s future financial performance: the achievement of strategic objectives or the achievement financial objectives? Why?

17. Who is responsible for actually performing the five phases of the strategy-making, strategy-executing process?

18. What is the role and responsibility of a company’s CEO in the strategy-making, strategy-executing process?
19. The task of crafting a company’s strategy is typically a job for the company’s whole management team, not just a small group of senior executives. True or false? Explain and support your answer.

20. Explain why a company’s strategy is really a collection of strategies.

21. What is the strategy-making hierarchy for a diversified company? How does it differ from the strategy-making hierarchy for a single business company?

22. A company’s strategy is really a collection of layered strategies. True or false? Discuss and explain.

23. Discuss the meaning of each of the following levels of strategy and indicate what level of management tends to take lead responsibility for crafting the strategy at each of the four levels:
   a) corporate strategy
   b) business strategy
   c) functional area strategy
   d) operating strategy

24. An organization’s strategic plan consists of the actions which management plans to take in the near future. True or false? Explain and justify your answer.

25. Identify four actions that top executives can take to help instill a spirit of high achievement into the corporate culture and mobilize organizational energy behind the drive for good strategy execution and operating excellence.

26. Identify four actions that are key elements of leading the strategy execution process.

27. What is MBWA and why is it important?

28. Identify three actions top management can take to promote innovation and new ideas in the strategy making process.

29. What are the three main things a CEO and those around the CEO should do in leading the effort to operate the company’s business in an ethically principled fashion?

30. Identify three actions that senior managers need to take if they are really serious about enforcing ethical behavior.

31. The strength of a CEO’s commitment ultimately determines whether a company will genuinely strive to operate in an ethically-principled manner. True or false? Justify your answer.

32. What indicates a company is making a sincere effort to carry its weight in being a good corporate citizen are actions to do what is legally required of them and company leaders who believe strongly that making a profit is the most socially responsible thing a company can do. True or false? Justify your answer.

33. Socially-conscious strategy leaders who believe that making a profit is not enough have to insist that social and environmental metrics be made co-equal with financial and strategic objectives in evaluating company performance. True or false? Explain.

34. What are the roles/obligations of a company’s board of directors in the strategy-making, strategy-executing process?

35. Identify and briefly discuss at least three obligations of a company’s board of directors in corporate
governance and the strategy-making, strategy-executing process.

Chapter three (3)

1. What are the seven key questions which form the framework of thinking strategically about a company's industry and competitive environment?

2. Draw the five-forces model of competition and briefly describe the relevance of each of the five forces in determining the overall strength of competitive pressures a company faces. Which of the five competitive forces is typically the strongest?

3. What are the five competitive forces that comprise the five-forces model of competition?

4. Competitive markets are economic battlefields. True or false? Explain.

5. Identify and briefly explain any four of the factors that influence the strength or intensity of competitive rivalry among an industry's member firms.

6. Identify five factors that tend to intensify competitive rivalry among an industry's member firms.

7. Identify five factors that tend to weaken the intensity of competitive rivalry among an industry's member firms.

8. Identify and briefly describe five common barriers to entering an industry.

9. Identify and briefly explain any three factors that intensify competitive pressures stemming from the threat that new firms will enter the industry.

10. Identify three conditions that tend to make potential entry a strong competitive force.

11. Identify and briefly explain any three factors that weaken the competitive pressures stemming from the threat that new firms will enter the industry.

12. Identify and briefly explain any two of the factors that influence the strength of competition from substitute products.

13. Identify and briefly explain any three of the factors that influence the bargaining strength and leverage of suppliers.

14. Explain the meaning and significance of each of the following:
   a.) bargaining power of suppliers
   b.) driving forces
   c.) strategic group mapping
   d.) key success factors

15. Identify and briefly explain any three factors that lead to strong bargaining power on the part of suppliers.

16. Identify and briefly explain any three factors that lead to weak bargaining power on the part of suppliers.

17. Explain why low switching costs and weakly differentiated products tend to give buyers a high degree of bargaining power.
18. Not all buyers of an industry’s product are likely to possess the same degree of bargaining power or leverage over the terms and conditions under which they purchase the product. True or false? Explain.

19. Identify and briefly discuss any three of the factors that influence the bargaining strength and leverage of buyers.

20. Identify and briefly explain any three factors that lead to strong bargaining power on the part of buyers.

23. In doing driving forces analysis, is it sufficient to simply identify the driving forces that are operating to alter industry and competitive conditions? Why or why not? If not, then explain what else is required for a complete driving forces assessment.

25. Identify at least five common driving forces and briefly explain how each one can produce important changes in industry and competitive conditions.

26. Identify at least three benefits of constructing a strategic group map.

27. What is the analytical value of studying competitors and trying to predict what moves rivals will make next?

28. What is the strategy-making value of identifying an industry’s key success factors?

29. Identify four factors that affect whether an industry does or does not present a company with a good business opportunity?

30. Can an industry be attractive to one company and unattractive to another company? Why or why not?

Chapter Four (4)

1. Identify the five questions that form the framework of evaluating a company’s resources and competitive position.

2. Identify at least 5 indicators of whether a company’s present strategy is working well.

3. Briefly discuss the meaning and significance of each of the following terms:
   a.) SWOT analysis
   b.) core competence
   c.) distinctive competence
   d.) company value chain
   e.) strategic cost analysis
   f.) industry value chain
   g.) activity-based costing
   h.) benchmarking
   i.) a weighted competitive strength assessment

4. Explain the difference between a company competence, a core competence, and a distinctive competence.

5. A core competence represents a basis for competitive advantage. True or false? Explain your answer.
6. A distinctive competence represents a competitively superior resource strength. True or false? Explain.
7. A distinctive competence represents a basis for competitive advantage. True or false? Explain your answer.
8. Why do a company’s core competencies matter in crafting strategy?
9. What are the four tests that should be used to measure the competitive power of a company’s resource strengths?
10. What resource characteristics determine the power of a resource-based strategy?
11. A company lacking a valuable stand-alone resource strength should focus on bundling several resource strengths into a core competence. True or false? Explain and support your answer.
12. Instead of trying to match the resource strengths of rivals, what option(s) should a company consider to enhance its competitive power in the marketplace?
13. In conducting a SWOT analysis, is it enough to simply compile lists of the company’s strengths, weaknesses, opportunities, and threats? Why or why not?
14. What are the three steps of conducting a SWOT analysis?
15. The ability of a company to perform value chain activities more proficiently or more cheaply than rivals is a potential source of competitive advantage. True or false? Explain and defend your answer.
16. Why does it matter whether a company is able to perform value chain activities more proficiently or more cheaply than rivals? Explain and support your answer.
17. Draw a typical company value chain and briefly explain why the proficiency with which a firm performs the activities comprising its value chain matters.
18. What is benchmarking and why is it a strategically important analytical tool?
19. What is meant by the term “best practices”? Why does it matter whether a company utilizes “best practices” in performing the activities comprising its value chain?
20. Assume a firm is at a cost disadvantage with rivals because its internal costs are higher than rivals. Identify five strategic moves that it can make to restore cost parity.
21. Assume a firm is at a cost disadvantage with rivals because of higher supplier-related costs than key rivals. Identify three strategic moves that it can make to restore cost parity.
22. Assume a firm is at a cost disadvantage with rivals because of higher distributor-dealer costs than rivals. Identify three strategic moves that it can make to restore cost parity.
23. Explain why weighted competitive strength assessment is conceptually superior to an unweighted one.
24. In determining the various strategic issues that a company needs to address, managers need to consider both the results of its analysis of the company’s external environment and the results of its evaluation of the company’s resources and competitive position. True or false? Explain and defend your answer.
25. Why is it important for company managers to develop a “worry list” of strategic issues and problems
that they need to address and to resolve? What should they consider to develop this list?

Chapter Five (5)

1. What is the difference between competitive strategy and business strategy?

2. What are the five generic competitive strategies? Briefly describe each one and identify the type of competitive advantage that each strategy is aimed at achieving.

3. Describe the strategy of striving to be the industry’s overall low cost provider. What does a company have to do to achieve low-cost provider status?

4. Describe the two basic cost-reducing approaches a company can take to become a low-cost provider in its industry.

5. Which one of the five generic competitive strategies is most likely to be best suited for an industry whose product is a commodity? Explain.

6. What market conditions and circumstances make a low-cost provider strategy attractive? What are the pitfalls in pursuing a low-cost provider strategy—what can go wrong?

7. What are the distinctive features of a broad differentiation strategy? Under what circumstances is a broad differentiation strategy appealing?

8. What are the pros and cons of a broad differentiation strategy?

9. What are the distinctive features of a best-cost provider strategy? Under what circumstances is a best-cost provider strategy appealing?

10. What type of competitive advantage does a best-cost provider strategy aim at achieving? Explain what a company has to do to achieve this advantage.

11. Explain how the strategic target of a low-cost provider differs from the strategic target of a best-cost provider.

12. What are the distinctive features of a focused low-cost strategy? How does it differ from a low-cost leadership strategy?

13. What are the distinctive features of a focused differentiation strategy? How is it different from a broad differentiation strategy?

14. What is the difference between a low-cost leadership strategy and a focused low-cost strategy?

15. How does a focused differentiation strategy differ from a broad differentiation strategy?

16. In what market and competitive circumstances are focused low-cost and focused differentiation strategies attractive?

17. Explain how the marketing emphasis of a low-cost provider differs from the marketing emphasis of a best-cost producer.

18. Explain how the keys to sustaining a broad differentiation strategy differ from the keys to sustaining a best-cost producer strategy.
19. What are the keys to sustaining a focused low-cost strategy?

20. One of the big dangers in crafting a competitive strategy is that managers, torn between the pros and cons of the various generic strategies, will opt for “stuck in the middle” strategies that represent compromises between lower costs and greater differentiation and between broad and narrow market appeal. True or false? Explain your answer.

Chapter Six

1. Identify and briefly explain what is meant by each of the following terms:
   a.) strategic alliance
   b.) vertical integration strategy
   c.) outsourcing strategy
d.) a first-mover advantage
e.) a first-mover disadvantage (or late-mover advantage)

2. What are the advantages of strategic alliances and collaborative partnerships with key suppliers?

3. What are the merits of strategic alliances and collaborative partnerships for companies racing for global market leadership? Under what circumstances do they make sense? How do they contribute to competitive advantage?

4. What are the merits of strategic alliances and collaborative partnerships for companies racing to seize opportunities in an industry of the future? Under what circumstances do they make sense? How do they contribute to competitive advantage?

5. Identify and briefly discuss three factors a company must consider in order to capture the benefits of engaging in strategic alliances.

6. Under what sorts of circumstances are mergers with or acquisitions of other companies a better solution than entering into partnerships or alliances with these companies? How do mergers and/or acquisitions contribute to enhancing a company’s position?

7. What are the potential strategic objectives of merger and acquisition strategies?

8. What are the strategic advantages of a backward vertical integration strategy?

9. What are the strategic disadvantages of a backward vertical integration strategy?

10. What are the strategic advantages of a forward vertical integration strategy?

11. What are the strategic disadvantages of a forward vertical integration strategy?

12. What are the merits of outsourcing the performance of certain value chain activities as opposed to performing them in-house? Under what circumstances does outsourcing make good strategic sense?

13. Identify and briefly discuss three challenges of competing in an emerging industry.

14. Identify at least four strategic approaches or options that are well-suited for competing in an emerging industry.

15. Identify at least two strategy elements that are well-suited for competing in rapidly growing markets.
16. What kinds of changes in the competitive environment occur when an industry begins to mature? Identify three strategic approaches that are well-suited for this type of industry environment.

17. Identify at least three ways that slowing market growth alters market conditions. Then identify two strategy elements that are well-suited for companies that are in an industry transitioning from rapid growth to industry maturity.

18. Companies in a stagnant or declining industry are doomed to having declining revenues and profits. True or false? Explain your answer.

19. Identify at least two strategic approaches that are well-suited for competing in a stagnant or declining industry.

20. Regarding end-game strategies for a stagnant/declining industry, what is the difference between a fast-exit strategy and a slow-exit strategy?

21. In what kinds of industry circumstances is an end-game strategy particularly worthy of consideration?

22. Identify at least two strategy options that are well-suited for competing in a turbulent, high-velocity market environment.

23. Identify at least three factors that cause the supply side of an industry to be fragmented. Describe three strategy options that are suitable for competing in a fragmented industry?

24. What are the strategic advantages of being a first-mover? What are the strategic advantages of being a follower or "late mover"?

25. In what sorts of circumstances is it strategically advantageous to be a fast follower or "late mover" as opposed to a first-mover?