

Student name: _____

A good strategy allows a firm to achieve superior performance and sustainable competitive advantage without regard to the external environment.

true

false

The following statement by the chief executive of MegaFilms movie studio should *not* be used as a strategy: “We will produce the greatest films of the 21st century.”

true

false

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

true

false

Questions asked during the strategy analysis stage of the AFI framework should include “What effects do forces in the external environment have on the firm’s potential to gain and sustain a competitive advantage?”

true

false

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

true

false

Because they are a crucial component of a firm's success, customers are considered internal stakeholders.

true

false

A firm is required by society and its shareholders to meet its ethical and philanthropic responsibilities.

true

false

Stakeholder impact analysis provides a decision tool that helps strategic leaders recognize the needs of different stakeholders.

true

false

Juan wants to open his own hot dog restaurant but doesn't know anything about business. He needs help determining who his competition is, how he should craft his strategy to compete and how he'll implement his strategy to achieve a competitive advantage. He's hired you to help him get started. As a result, you will probably use which of the following?

AFI strategy framework

Red Queen effect

competitive benchmarking

Stakeholder Impact analysis

Roberta is interested in the concept of strategy and decides to create her own. As a result, Roberta says that her strategy is to focus on competitive benchmarking to achieve competitive advantage. Which is the best evaluation of Roberta's statement?

Roberta's strategy is clear, but she should provide more detail.

Roberta's strategy reveals a clear strategic position and tradeoff, so she should proceed.

Roberta should reevaluate her statement because it fails to mention more than one strategy.

Roberta should reevaluate her statement because it fails to meet the principles of what a strategy should be.

Tony's Pizza Shop is able to net \$10,000 a week; this makes the shop profitable. Its number one competitor, Leo's Pies, is also profitable, netting \$12,000 a week. Lil Anthony's Pizza Palace nets \$13,000 a week. Since Tony's Pizza Shop is profitable, we can conclude that it has a competitive advantage in its industry.

True—competitive advantage is achieved through profitability alone.

True—competitive advantage is achieved since Tony has a positive net income.

False—competitive advantage is only achieved by generating above average returns, relative to competition.

False—Tony more than likely has a sustained competitive advantage since he's been in business longer.

Bill's Auto & Airplane Repair shop is able to generate a positive net income of \$10,000 a week, which is about the same as the income of a close competitor. As a result, we can conclude that the two businesses also have a competitive parity in the industry.

Correct—competitive advantage is achieved through profitability alone.

Correct—competitive advantage is achieved since Bill's Auto & Airplane Repair shop has a positive net income.

Correct—competitive parity is a performance of two or more firms at the same level.

Incorrect—Bill's Auto & Airplane Repair shop more than likely has a sustained competitive advantage because the business is diversified.

To better achieve a competitive advantage, firms must now adopt a holistic approach towards satisfying multiple stakeholders opposed to focusing on the needs of their shareholders. What term is used for this approach?

stakeholder strategy

internal shareholder strategy

value creation strategy

shareholder relationship strategy

All of the following are external stakeholders except which of the following?

customers

creditors

alliance partners

competitors

John is a bit confused about the difference between stakeholders and stockholders. You meet with John and inform him that the main difference is that

stakeholders are both internal and external to the firm while stockholders are considered external to the firm.

stakeholders are considered internal to the firm while stockholders are external to the firm.

stakeholders can be both internal and external while stockholders own shares of a firm and are classified as internal to the firm.

stakeholders are external to the firm while stockholders are considered internal to the firm.

Which of the following three important stakeholder attributes should managers pay special close attention to in order to better understand stakeholder impact analysis?

competitive advantage, economic value, and time

power, legitimacy, and urgency

grace under pressure, financial control, and reward power

shareholder rights plan, board representation and CEO influence

Most consumers and investors today want the firms they do business with to look beyond just the profit motive. In fact, they want firms that behave legally and ethically while also giving back to their communities via philanthropic activities. The framework that attempts to reconcile these wants is known as

corporate social responsibility.

stakeholder impact analysis.

business model analysis.

value chain driven decision making.

Which of the following terms describes the guiding policy to address the competitive challenge, and uses corporate- and business-level strategy?

analysis

formulation

implementation

competitive advantage

In strategic management, strategists engage in three pillars. These three pillars include the _____ of major goals and objectives.

implementation

presentation

objectification

unification

Which of the following tasks in the AFI strategy framework involves evaluating the internal and external environments in which a firm operates?

analysis

formulation

implementation

competitive advantage

The goal of a good strategy is focused primarily on

creating superior value while containing costs.

making as much money as possible.

employing lean manufacturing and Six Sigma.

encouraging investors to buy more shares of the firm.

For a corporate strategy, which question is often asked?

How do strategic leaders help shape a firm's vision, mission, and values?

How should the firm compete: cost leadership, differentiation, or value innovation?

How do we create shared value?

Where should the firm compete in terms of industry, markets, and geography?

A successful strategy details a set of goal-directed actions that managers make to gain and sustain a competitive advantage; in order to create this strategy, managers must focus on three pillars. Which of the following below is *not* one of these pillars?

formulation

execution

implementation

analysis

The _____ effect involves studying and copying the competition, which results in unsuccessful efforts to gain a competitive advantage.

Mad Hatter

Black Swan

Red Queen

Wizard of Oz

Lawrence decided to copy the competition to gain a competitive advantage for his company. After a year, he realized his company failed to gain such an advantage. Lawrence most likely failed because of the _____ effect.

Green Pawn

grandiose

globalization

Red Queen

Hewlett-Packard was not able to address the competitive challenges of cloud and mobile computing. The company therefore destroyed shareholder value by failing to create

a strong infrastructure.

value for society.

a need for printers.

foreign contacts.

Sean, a retired CEO, invests capital in a start-up company that creates budgeting software. He mentors the entrepreneur and the employees of the company because he wants the company to perform well and survive in the market. Thus, Sean is the start-up company's

headhunter.

category captain.

employee.

stakeholder.

Green and Good Inc., a multinational company, relies on its media partner OmniSignal to regularly advertise its offers, sales, and new products. OmniSignal is invested in this relationship because it generates most of its revenue from advertising Green and Good's products. In this scenario, OmniSignal is Green and Good Inc.'s

stockholder.

workforce.

internal stakeholder.

external stakeholder.

Louise owns a large portion of Sturdy Appliance's stock. However, she is not employed by the company. In this scenario, Louise is the company's

external stakeholder.

internal stakeholder.

creditor.

customer.

Contour Inc., a vendor, regularly supplies capacitors to All Purpose Electronics for use in its products. Therefore, Contour Inc. is All Purpose Electronics'

internal stakeholder.

director.

shareholder.

external stakeholder.

Which of the following best qualifies as a firm's internal stakeholder?

an auditor assigned to the firm by a federal government agency

a labor union with whom the firm's employees can affiliate

a manager taking care of the firm's operations in a foreign market

a competitor manufacturing the same products as that of the firm

The best example of a firm's external stakeholder is a(n)

government agency that regulates the prices of products manufactured by the firm.

board member from a wholly-owned foreign subsidiary of the firm.

shareholder who has invested money in the firm but is not employed by the firm.

employee of the firm who is responsible for a contract project.

The interaction between a firm and its diverse internal and external stakeholders is best described as a(n)

ergonomic relationship.

cartel arrangement.

exchange relationship.

fiduciary responsibility.

Dimitre Corp. has been able to gain and sustain a competitive advantage due to its strong relationship with its employees, customers, suppliers, and local communities. The company believes in lifetime employment and ensures that its employees grow along with the company. Investors are more than satisfied with the returns on their investments. Also, 3 percent of the company's profit is spent on community development. With initiatives like these, customers feel

privileged to associate themselves with Dimitre products. This scenario best illustrates the implementation of a

strategic analysis.

stakeholder strategy.

wild card event.

black swan event.

Which of the following scenarios best illustrates a good stakeholder strategy?

ASI Inc. follows a strategy in which maximization of the shareholder's wealth is the primary concern of the managers.

Ben's Buttons Inc. ensures that its employees are paid the least in the industry so that its external stakeholders can get the best price.

Nowadays Corp. distributes only 40 percent of its annual profit after taxes to shareholders, while the remaining is invested for further research and distributed among employees and the local community.

Knights for Lights Corp. ensures that it fully exploits free natural resources, so that most of its profits go to shareholders in the form of dividends.

Better Capsules is a highly successful vitamin manufacturer. At the close of its most recent fiscal year, the company's balance sheet showed cash holdings of \$110 million. Which of the following actions will provide the most benefit for stakeholders?

Reinvest profits into expanding the company and creating more jobs.

Reward the CEO with a significant bonus payment.

Save the excess cash as a precaution against black swan events.

Buy out the leading competitor to reduce competition and maintain price stability.

The first step in stakeholder impact analysis involves which of the following?

identifying the social responsibilities to stakeholders

identifying the opportunities that stakeholders present

identifying the interests of the stakeholders

identifying who the stakeholders are

After a firm has recognized its key stakeholders in stakeholder impact analysis, the immediate next step is to

recognize the opportunities and threats the stakeholders present.

identify stakeholders' interests and claims.

formulate a stakeholder strategy.

address the stakeholders' concerns.

As the legal owners, _____ have the most legitimate claim on a company's profits.

creditors

employees

shareholders

board members

Which of the following is typically an economic responsibility of a firm?

sourcing raw materials from highly developed countries

paying adequate returns to the firm's stockholders on the capital invested by them

donating resources, in terms of money and time, toward community development

helping a nation increase its import of goods and services

The minimum wage in the country of Hanns is \$8 an hour. Delish, a restaurant in Hanns' capital city, pays its servers \$8 per hour. However, the management of the restaurant feels that this amount is excessive for workers whose only job is to clear tables. By continuing to adhere to the

rules set by the government of Hanns, which of the following responsibilities is Delish satisfying?

legal responsibilities

philanthropic responsibilities

ethical responsibilities

demographic responsibilities

The amount of polyethanal that can be used in household paint is legally limited to 0.03 percent. Anything beyond this amount is hazardous to health and the environment and is considered a legal offense. Consequently, PrismPaints Corp. has vouched to make its products as safe as possible. Therefore, it manufactures polyethanal-free paints even though this increases its costs and reduces the dividends paid to its shareholders in the long run. Which of the following responsibilities is Prism Paints Corp. primarily *compromising* in this scenario?

legal responsibilities toward the government

economic responsibilities toward its shareholders

philanthropic responsibilities toward the local community

ethical responsibilities toward the society

Industrial Drills, a company that manufactures industrial tools, incurs higher costs because of its refusal to outsource its manufacturing to countries where labor costs are lower. This reflects Industrial Drills' _____ responsibility.

economic

legal

ethical

demographic

Batt Packs recently came under criticism when a newspaper article revealed that the company's production plant had leaked a chemical compound into a sensitive wetland ecosystem. Although

use of the chemical was not technically prohibited by law, the local government levied a small fine for cleaning up the spill. Environmental groups, however, argued that continued use of the chemical was damaging to the local wildlife and threatened to organize a boycott against Batt Packs. What should Batt Packs do to ensure that it meets its ethical responsibilities?

move its production facilities to an area that is less concerned with environmental issues

take out an advertisement arguing that use of the chemical is perfectly legal

design batteries without the chemical and market them as environmentally friendly

pay the fine levied by the local government and resume operations

Which of following practices of a firm satisfies its ethical responsibilities?

using plastic as the packaging material, even though it is harmful to the environment, yet legal

outsourcing production to a less developed country and paying wages that are below its own country's accepted minimum wages

using advertising and other forms of promotion to endorse luxurious lifestyles

selling vaccines at a subsidized price in a less developed country even though this results in reduced shareholder returns

_____ responsibilities are the foundational building block in the pyramid of corporate social responsibility.

Economic

Ethical

Environmental

Legal

Which of the following statements about the social responsibilities of a business is accurate?

A firm's ethical responsibilities go beyond its legal responsibilities.

Shareholders mandatorily require a firm to perform its ethical, but not its philanthropic responsibilities.

Legal responsibilities are the foundational building block of a firm's social responsibility.

Economic responsibilities are often subsumed under the idea of corporate citizenship, reflecting the notion of voluntarily giving back to society.

Ayesha, the founder of Solid Foundation Construction, strongly believes in the notion of corporate social responsibility, so she proposed several philanthropic activities that she expects the company to pursue. In order to accomplish this vision, the managers should first

review all legal codes in the areas in which Solid Foundation operates and ensure all permits are up-to-date.

ensure that the company is profitable and has a sustainable competitive advantage.

make sure it is paying employees' wages that allow them to live comfortably.

ask for public input on issues that the company can help address.

In the final step of the stakeholder impact analysis, a firm

identifies its stakeholders' interests and claims.

differentiates its internal stakeholders from its external stakeholders.

recognizes the opportunities and threats stakeholders present.

decides a course of action to address the stakeholders' concerns.

Superior performance allows a company to benefit society by implementing which of the following strategies?

imitate the features of the most popular products of competitors on the market

reinvest some of its profits and grow, providing more employment and career opportunities

sell more advertising space

substitute less-expensive components to keep costs low

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

Supply chain management

Integrated technology management

Strategic management

Inventory management

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

Behavior modification

Strategy

Credo

Competency management

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

strategy analysis

strategy implementation

strategy formulation

strategy control

In _____, a firm frames a guiding policy to address the competitive challenge.

strategy control

strategy implementation

strategy formulation

strategy analysis

Through a strategy's _____, a firm puts its guiding policy into practice by employing a set of coherent actions.

control

implementation

formulation

analysis

Which of the following is an element of good strategy?

a summary of the firm's history within its industry

a guiding policy to address employee satisfaction

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

an approach that underestimates the competition

Earth Mother Leisure Wear had a mission to become the leading producer of environmentally friendly leggings, 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, Earth Mother Leisure Wear could not assemble its products at a low-enough cost to offer the leggings at a price that was attractive to customers. Earth Mother Leisure Wear's strategy failed because it failed to consider the competitive challenge.

it was not backed up with strategic commitments.

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

the company did not stake out a unique strategy position.

Which of the following is an example of competitive parity?

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

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

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

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

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

competitive advantage.

balanced scorecard.

power position.

equity leverage.

Dazzle 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 Dazzle Lighting ample competition. In response, Dazzle 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, Dazzle Lighting consistently outperformed its competitors for ten years. In this scenario, Dazzle Lighting maintained a _____ through its innovative strategy.

balanced scorecard

fiduciary responsibility

consistent power position

sustainable competitive advantage

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

Samson LLC generated revenue of \$300,000 this financial year, which is close to the industrial revenue average of \$320,000.

GoNow 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.

Bill and Ted Corp. was able to hold its market share of 68 percent in the social networking industry for more than three years.

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

If French Provincial Decor LLC obtains an 18 percent return on invested capital, which of the following will help determine if it has a competitive advantage over other furniture companies?

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

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

evaluating the liquidity ratios for other pharmaceutical companies

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

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

sustainable competitive advantage

increased power distance

diseconomies of scope

competitive disadvantage

DuraLine 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, DuraLine Ltd. has a

competitive advantage.

balanced scorecard.

competitive disadvantage.

power position.

Writer Button Inc. and Horner 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, Writer Button Inc. and Horner Inc. most likely have

competitive advantage over other firms in their industry.

competitive parity with each other.

strategic alliance with each other.

economies of scope instead of economies of scale.

The average cost of production for a bottle of mineral water in the industry is \$5 while its average price is \$8. Forever Spring Inc. manufactures the same product for \$3 per bottle and sells it for \$8 per bottle. Which of the following statements is most likely true of ForeverSpring Inc. in this scenario?

It has a competitive advantage in the industry.

It has a competitive disadvantage in the industry.

It has competitive parity with other firms in the industry.

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

A firm is said to gain a competitive advantage when it accomplishes which of the following?

matches its highest previous performances

provides products similar to its competitors, but at lower prices

performs at the same level as that of its competitors

provides goods or services similar to the competitors' at a higher price

BuyNow 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, BuyNow Inc. has most likely been able to provide superior value and cost control through

strategic parity.

strategic profiling.

strategic liquidation.

strategic positioning.

As the strategic manager of AlwaysSharp art knives, you are tasked with producing a strategy for introducing a new line of premium knives. Your competitor produces a line of similar art knives at a cost of \$1 and sells them for \$5. Because your company has inferior production capabilities, your knives will cost \$2 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?

Reduce the quality of materials used in AlwaysSharp art knives to bring unit costs down to \$1, then sell the knives for \$5.

Continue to produce AlwaysSharp art knives for \$2 but set the price at \$4.

Offer a buy-one-get-one-free sale on AlwaysSharp art knives.

Market AlwaysSharp art knives as a higher-quality alternative and sell them for \$7.

A firm *always* has a competitive disadvantage when its return on invested capital is below the industry average.

2 percent or lower in a declining industry.

about the same as its closest competitor.

declining steadily over two or more years.

Golden Age Cinemas Inc. and HiDef Inc. are two companies that own and run movie theaters in malls and other commercial areas. Both are trying to coax consumers back into movie theaters after the COVID-19 pandemic shutdowns. While Golden Age Cinemas Inc. pursues a cost-leadership strategy, HiDef Inc. adopts a differentiation strategy. Which of the following statements is most likely true of this scenario?

Golden Age Cinemas will charge a premium price for its customers, while HiDef will implement everyday low pricing.

HiDef and Golden Age Cinemas will not be direct competitors to each other, and their customer segments will overlap very little.

HiDef will keep its customer service at an acceptable level, while Golden Age Cinemas will provide superior customer service.

Golden Age Cinemas and HiDef will use a similar approach to create value for customers by attempting to offer everything to everybody.

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

choosing a distinct but different strategic position in the industry

working toward increasing the difference between value creation and cost

trying to be everything to everybody by combining different competitive strategies

focusing on creating value for customers rather than destroying rivals

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

execute an integrated cost-leadership and differentiation position.

copy the strategies of other firms through competitive benchmarking.

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

stake out a unique position within the industry.

Yellow Ride Service is a new entrant to the taxi industry. It has achieved success by staking out a unique position in the industry. How did Yellow Ride Service mostly likely achieve this position?

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

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

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

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

Giorgia's and Florentine's are two restaurants serving Italian cuisine. While Giorgia's focuses on providing quick, affordable pasta dishes for the lunch crowd, Florentine's focuses on serving home-style dishes in an upscale, romantic setting. Why have both companies been able to gain a competitive advantage?

They benefited from economies of scale.

They entered into a cartel arrangement.

They each pursued distinct strategic positions.

They each engaged in direct imitation and substitution.

If all firms in an industry pursued a low-cost position through application of competitive benchmarking, which of the following would happen?

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

Each firm would have high value creation.

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

Each firm would have different cost structures.

Toy sales have declined by 10 percent each year, forcing many retailers to exit the industry. To eliminate its remaining competition, Terrific 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?

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

Yes. Terrific Toys has achieved a sustainable competitive advantage by selling its toys at a lower price than competitors.

No. Terrific Toys has failed to create value for its customers.

No. Terrific Toys strategy and competitive advantage are unsustainable.

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

Our strategy is to win at any cost.

We will be number one in the industry.

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

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

Sugar & Sweet 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, Sugar & Sweet decides to produce a limited run of "throwback" cans using labeling first introduced in the 1980s. What is wrong with this strategy?

It fails to face the competitive challenge.

It does not involve concrete actions.

It lacks strategic commitments.

It tries to be everything to everybody.

Which is a model that links strategy analysis, strategy formulation, and strategy implementation, thereby helping managers plan and implement a good strategy?

the Four Ps

AFI strategy framework

corporate social responsibility

stakeholder impact analysis

Managers use the AFI strategy framework to

help their business achieve and sustain competitive parity.

minimize the wealth of their shareholders.

help reduce the economic contribution of their business.

explain and predict differences in firm performance.

According to AFI strategy framework, in which of the following tasks of strategic management does a firm identify the roles strategic leaders play?

strategy management

strategy analysis

strategy design

strategy implementation

In the AFI strategy framework, strategy analysis primarily involves

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

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

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

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

You are the manager in charge of setting the strategy for a new fast-casual restaurant. Which of the following questions would be appropriate for you to ask during the analysis phase of the AFI strategy framework?

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

How have consumer preferences in the fast-casual restaurant industry changed in the last five years?

Should we be competing nationally or internationally?

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

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

strategy control

strategy implementation

strategy analysis

strategy formulation

Putting the formulated strategy into practice through organizational structure, culture, and controls is accomplished in which stage in the AFI strategy framework?

strategy formulation

strategy implementation

strategy examination

strategy appraisal

During strategy implementation, managers primarily focus on deciding the type of corporate governance that is most effective and ways in which it can put the formulated strategy into practice.

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

relationship between competitive advantage and firm performance.

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

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

Using AFI, the Quest Auto firm was able to implement a strategy that produced high-quality cars more efficiently and thereby reduced costs.

Using AFI, the Fine Dine Restaurant Group was able to improve employee benefits and thereby increase employee loyalty.

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

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

Which question is asked during the implementation stage of the AFI strategy framework?

Where should the firm compete in terms of geography?

How does the firm anchor strategic decisions in business ethics?

Should the firm use cost leadership?

How do we create share value?

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

business strategy

corporate strategy

global strategy

ethical strategy

During an AFI planning session, the strategic leaders of the Buckaroo Trucks Corporation cut overhead costs by placing various stages of production in different countries. By doing this, the firm addressed which of the following issues?

philanthropic strategy

business ethics

corporate governance

organizational design

Which is an accurate statement about the tasks of the AFI strategy framework?

Formulation and implementation often overlap, but analysis is usually done separately.

They are distinct phases of the strategy process that happen separately.

They are highly interdependent and frequently occur simultaneously.

Analysis and formulation often overlap, but implementation is usually done separately.

What are the elements of a good strategy? Briefly explain how they are accomplished.

Define and elaborate on competitive advantage.

How is competitive advantage different from competitive parity?

What is the relationship between economic contribution and competitive advantage?

Why should firms in the same industry choose distinct but different strategic positions?

What are the three broad tasks of the AFI strategy framework? Explain each task.

Briefly discuss how *not* to define strategy and the main mistakes that managers make when creating their strategy.

Discuss the importance of creating an overall stakeholder strategy opposed to just catering to stockholders.

What are the three crucial stakeholder attributes? Briefly describe each one.

Who are a firm's stakeholders?

A firm is embedded in a multifaceted exchange relationship with a number of diverse internal and external stakeholders. Elaborate on this statement and provide multiple examples of the exchange relationship between a firm and its stakeholders, including what each party contributes.

What is meant by corporate social responsibility (CSR)?

Discuss the pyramid of corporate social responsibility (CSR).

Answer Key

Test name: Ch1_Strategic Management: Concepts_6e

FALSE

TRUE

FALSE

TRUE

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Short Answer

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