13.2
Among the eight motivations for global strategies is to cross-subsidize businesses and to obtain scale economies.

**a. T.*
b. F.

13.3
Accessing low-cost labor and materials is not a motivation for global strategies.

a. T.
**b. F.*

13.4
Strong motivations for a standardized global brand and position are media spillover and cross-country customer travel.

**a. T.*
b. F.

13.5
A strategic alliance is a collaboration leveraging the strengths of two or more organizations to achieve strategic goals.

**a. T.*
b. F.

13.6
One of the benefits of a strategic alliance is that it can help a firm overcome trade barriers. Another is that it can compensate for the absence of or weakness in any of the needed key success factors for a market.

**a. T.*
b. F.

13.7
The key to success of strategic alliances is to maintain strategic value for each of the participants.

**a. T.*
b. F.

13.8
The eight motivations for global strategies are: to cross-subsidize, to dodge trade barriers, to access low cost labor/materials, to create global associations, to obtain global innovation, _________, __________, and ___________.

Answer: Obtain scale economies, access strategic markets, and access national incentives.

13.9
A frequently unforeseen consequence of global expansion is that healthy markets, especially the home market, are put at risk by the diversion of resources.

**a. T.*
b. F.

13.10
Four conditions under which organizations expanded globally and survived are: a repeatable formula for expansion, customer differentiation that travels, ____________, and ____________.

Answer: A strong core and industry economics.

13.12
An organization should enter countries in a sequential order.

a. T.
**b. F.*

The strategy to enter countries sequentially should be based on the strategic preferences of the organization. There are compelling factors to enter countries simultaneously as well.

13.13
Standardizing brand strategy leads to global market leadership.

a. T.
**b. F.*

13.14
Johnnie Walker's advertising campaign for its whiskey products across Europe demonstrates the benefits of standardization.

a. T.
**b. F.*

See page 255.

Chapter 14—Setting Priorities for Businesses and Brands—The Exit, Milk, and Consolidate Options

14.1
Cash cows are units that should no longer absorb investments aimed at growing the business.

**a. T.*
b. F.

14.2
The GE model is less complex than the BCG model.

a. T
**b. F.*

14.3
An exit decision should be considered if the market demand, competitive intensity, or strategic fit is regarded unfavorably.

**a. T. Market demand and competitive intensity are not correct. Strategic fit, market attractiveness, and business position should be considered in an exit decision if these are regarded unfavorably.*
b. F.

14.4
Motivations for exiting include avoidance of drain on profits by dog businesses in portfolio and purging businesses that do not fit the strategy of the firm.
**a. T.*
b. F.

14.5
Implementing an exit decision is often delayed by managers who attempt to turn around a struggling business.

**a. T.*
b. F.

14.6
Exit strategies should be considered in all of the following situations except:
a. When the business position is weak.
*b. When a firm's reputation is at stake.
c. When demand is diminishing quickly with no impending resurgence.
d. When the strategic direction of the firm has changed.

Though this may be a factor, this is not a defining characteristic for employing an exit strategy.

14.7
Biases inhibiting exit decisions are ______________ and ______________.
Answer: Reluctance to give up and confirmation bias. Reluctance to give up alludes to emotional ties that make the decision difficult, while the confirmation bias refers to the notion that people seek information that confirms their initial position.

14.8
A milk or harvest strategy aims to generate cash flow by reducing investment and operating expenses to a minimum.

**a. T.*
b. F.

14.9

___________ would be disciplined about minimizing the expenditures toward the brand and maximizing the short-term cash flow, while ___________ would sharply reduce long-term investment, but continue to support marketing and service operating areas.

Answer: A fast milking strategy; slow milking strategy

14.10
A hold strategy will be superior to a milk strategy when the market prospects and/or the business position is not as grim.

**a. T.*
b. F.

14.11
A hold strategy may prevent a firm from making investments that would help retain product relevance.

**a. T.*
b. F.

14.12
Strategic brand consolidation process includes five distinct steps: determiniing the relevant brand set, assessing the brands, ______________, creating a revised brand portfolio strategy and ______________.

Answer: Prioritizing brands and designing a migration strategy.

14.13
Business portfolio analysis provides a structured way to evaluate business units on two key dimensions: the attractiveness of the market involved and the strengths of competitor's in that market.

a. T
**b. F.*

The two key dimensions are attractiveness of the market involved and the strength of the firm's position in that market.

14.14
Some of the conditions that favor a milking strategy include a price structure that is stable at a level that is profitable for efficient firms.

**a. T.*
b. F.

14.15
Confirmation bias occurs when the objective information cast doubt on the sales projections of a business.

a.   T.
**b. F.*

See pages 269-270.

14.16
Andy Grove made the decision to get out of memory by pretending he was a new CEO brought in from the outside.

**a. T.*
b.   F.

Chapter 15 – Organizational Issues

15.1
One dimension of organizational structure is the budgeting system.

a.   T
**b. F.*

The four key components of the organizational structure are: structure, systems, people, and culture.

15.2
The four dimensions of an organization include people, structure, ________, and _________.

Answer: culture and systems.

15.3
The virtual corporation is a team of people and/or organization formed for a particular client or job.

**a. T.*
b.   F.

15.4
An organizational culture involves three elements: a set of shared values, a set of norms of behavior, and a context or environment.

a.   T.
**b. F.*

See Figure 15.3.

15.5
Of the following, which were among the six silo problems discussed in the book:
i. Marketing resources are misallocated
ii. Marketing management competence is weakened
iii. People are not able to rotate throughout the organization