

Ch3 management 2 flashcard



**ASSIGN
BUSTER**

Planning is concerned with how objectives are to be accomplished, not what is to be accomplished. (False) 1. A major argument against formal plans is that they can't replace intuition and creativity. (True) 2. Directional plans have clearly defined objectives. (False) 3. In MBO, or management by objectives, goals are often less well-defined, giving managers and employees more flexibility to respond to changing conditions. (False) 4. SWOT analysis includes an analysis of an organization's environmental opportunities and threats. (True;) 5. One method of implementing a growth strategy is to develop new products. True) 6. A retrenchment strategy is used when an organization reduces its size or sells off less profitable product lines. (True) 7. Benchmarking is a specific form of environmental scanning. (True) 8. Gaining ISO 9000 certification provides proof that a quality operations system is in place. (True) Multiple-Choice Questions For each of the following choose the answer that most completely answers the question. 9. Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans _____. a. s to which shift will perform what work functions b. to determine which manager will be in charge of which department c. to integrate and coordinate work activities d. to establish the quality and quantity of work to be accomplished (c;) 10. In informal planning, _____ sharing of goals with others in the organization. a. everything may be written down, but there is little or no b. everything is written down, and there is c. nothing is written down, and there is little or no d. nothing is written down; therefore management does a lot of (c) 11. Informal planning is _____. . . performed at the lowest organizational level b. general and lacks continuity c. developed in informal meetings at a resort d. specific and is developed by

the middle managers for their department (b;) 12. In formal planning, _____.

- a. specific goals covering a period of years are defined
- b. specific goals are developed and not written
- c. general goals are developed and not written
- d. general goals covering an unspecified period of years are defined

(a;) 13. Strategic plans apply to the entire organization, establish the organization's overall goals, and _____.

- a. guide the organization toward maximizing organizational profits for the stockholders
- b. attempt to satisfy all government regulations while maximizing profits
- c. satisfy the organization's stakeholders
- d. seek to position the organization in terms of its environment

(d;) 14. Tactical plans specify the details of _____.

- a. what department performs which functional process to accomplish the goals
- b. what materials are required for which product being produced
- c. when each product model is to be produced
- d. how the overall goals are to be achieved

(d;) 15.

Strategic plans tend to cover a longer period of time than tactical goals and also _____.

- a. cover a more narrow view of the organization
- b. cover the financial projections of the planning period
- c. cover a broader view of the organization
- d. include an estimate of the profits that the stockholder can anticipate as dividends

(c;) 16. When we categorize plans as being directional versus specific, we are categorizing them by _____.

- a. breadth
- b. specificity
- c. frequency of use
- d. depth

(b;) 17. When we categorize plans as being single-use versus standing, we categorize them by _____.

- a. breadth
- b. specificity
- c. frequency of use
- d. time frame

(c;) 18. Directional plans _____.

- a. have clearly defined objectives
- b. identify general guidelines
- c. meet the needs of a unique situation
- d. last for 3–5

years (b) 19. The flexibility inherent in directional plans must be weighed against the _____. a. gain of a shorter planning period by specific plans b. gain of a longer planning provided by specific plans c. loss of clarity provided by specific plans d. loss of a shorter planning period by specific plans (c;) 20.

Management by objectives (MBO) is a management system in which the first steps are setting specific performance goals that are _____. a. established that can be easily accomplished b. jointly determined by employees and their managers c. determined by top management with clarity so that the objectives are clear to even the most incompetent employee d. developed in such a manner that the employees are self-directed and do not need supervision (b;) 21. The first _____ steps of the strategic management process involve planning that precedes the implementation of strategies. a. four . five c. six d. seven (d;) 22. What is the purpose of an organization called? a. the organization's action plan b. the organization's mission c. the organization's vision d. the organization's contingency plan (b) 23. Competitive intelligence allows managers to _____. a. react to competitor actions b. cut cost below the competition c. increase market diversification d. anticipate competitor actions (d;) 24. _____ and _____ are outcomes from a study of the external environment. a. Threats; weaknesses b. Strengths; weaknesses c. Weights; measures d. Opportunities; threats d;) 25. What are the four grand strategies? a. concentration, integration, diversification, and combination strategies b. growth, stability, retrenchment, and combination strategies c. retrenchment, turnaround, differentiation, and benchmarking strategies d.

cost-leadership, differentiation, focus, and competitive intelligence strategies

(b;) 26. An organization combining with another organization in the same industry is implementing the growth strategy of _____. a. direct expansion b. new product development c. a merger d. an acquisition (b;)

ESSAY QUESTIONS 27.

In a short essay, define planning and discuss the characteristics of formal versus informal planning as it is used in various organizations. Answer Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate organizational work. It is concerned with both ends and means. Planning can either be formal or informal. All managers engage in some planning, but their planning might be informal. In informal planning, nothing is written down, and there is little or no sharing of goals with others within the organization.

This type of planning often is done in many small businesses where the owner-manager has a vision of where he or she wants the business to go and how to get there. Informal planning is general and lacks continuity. In formal planning, specific goals covering a period of years are defined. These goals are written and known to organizational members. Specific action programs exist to achieve these goals; that is, managers clearly define the path they want to take to get the organization and the various work units from where they are to where they want them to be. 8. In a short essay, list and discuss the three competitive strategies, according to Michael Porter. Include specific examples of companies that pursue each of the three competitive strategies. Answer a. Cost leadership strategy—when an organization sets out to be the

lowest-cost producer in its industry, it's following a cost leadership strategy. A low-cost leader aggressively searches out efficiencies in production, marketing, and other areas of operation. Overhead is kept to a minimum, and the firm does everything it can to cut costs.

Although low-cost leaders don't place a lot of emphasis on "frills," the product or service being sold must be perceived as comparable in quality to that offered by rivals or at least be acceptable to buyers. Examples of companies that have used the low-cost leader strategy include Wal-Mart, Texas Instruments, and Southwest Airlines. b. Differentiation strategy—the company that seeks to offer unique products that are widely valued by customers is following a differentiation strategy.

Sources of differentiation might be exceptionally high quality, extraordinary service, innovative design, technological capability, or an unusually positive brand image. The key to this competitive strategy is that whatever product or service attribute is chosen for differentiation must set the firm apart from its competitors and be significant enough to justify a price premium that exceeds the cost of differentiation. Practically any successful product or service can be identified as an example of the differentiation strategy: L. L.

Bean (customer service), Intel (technology), Maytag (reliability), and Mary Kay Cosmetics (distribution). c. Focus strategy—the aim of the focus strategy is at a cost advantage or a differentiation advantage in a narrow segment. That is, managers select a market segment or group of segments in an industry and don't attempt to serve the broad market. The goal of a focus strategy is to exploit a narrow segment of a market. These segments can be

based on product variety, type of end buyer, distribution channel, or geographical location of buyers.

Research suggests that the focus strategy may be the most effective choice for small businesses because they typically do not have the economies of scale or internal resources to successfully pursue one of the other two strategies. Stouffer used a focus strategy with the Lean Cuisine line to reach calorie-conscious customers who wanted convenient but high quality products. 29. In a short essay, define the following types of plans: strategic plans, tactical plans, long-term plans, short-term plans, specific plans, directional plans, single-use plans, and standing plans.

Answer Strategic plans are plans that apply to the entire organization, establish the organization's overall goals, and seek to position the organization in terms of its environment. Plans that specify the details of how the overall goals are to be achieved are called tactical plans. Strategic plans tend to cover a longer time frame and a broader view of the organization. Strategic plans also include the formulation of goals whereas tactical plans define ways to achieve the goals. Also, tactical plans tend to cover shorter time periods.

We define long-term plans as those with a time frame beyond three years. We define short-term plans as those covering one year or less. Specific plans are plans that are clearly defined and that leave no room for interpretation. They have clearly defined objectives. There's no ambiguity and no problem with misunderstanding. The drawbacks of specific plans are that they require clarity and a sense of predictability that often do not exist. When uncertainty

is high and managers must be flexible in order to respond to unexpected changes, directional plans are preferable.

Directional plans are flexible plans that set out general guidelines. They provide focus but don't lock managers into specific goals or courses of action. However, the flexibility inherent in directional plans must be weighed against the loss of clarity provided by specific plans. A single-use plan is a one-time plan specifically designed to meet the needs of a unique situation. In contrast, standing plans are ongoing plans that provide guidance for activities performed repeatedly. Standing plans include policies, rules, and procedures.