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CORRECT ANSWERS ARE LOCATED IN THE 2ND HALF OF THIS DOC.

TRUE/FALSE - Write 'T' if the statement is true and 'F' if the statement is false.

1) A leadership plan that achieves a specific set of goals or objectives is a business strategy.
   - ◎ true
   - ◎ false

2) To combat business challenges, leaders communicate and execute business strategies; the word *strategy* comes from the Greek *stratus* for army and *ago* for leading.
   - ◎ true
   - ◎ false

3) Businesses rarely need to update business strategies as the business environment remains relatively stable.
   - ◎ true
   - ◎ false

4) Attracting new customers, decreasing costs, and entering new markets are all examples of successful business strategies.
   - ◎ true
   - ◎ false

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5) Decreasing customer loyalty, increasing costs, and decreasing sales are all examples of business strategies.
   - ◎ true
   - ◎ false

6) A first-mover advantage is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.
   - ◎ true
   - ◎ false

7) FedEx created a first-mover advantage by developing its customer self-service software, which allows people to request parcel pickups, print mailing slips, and track parcels online.
   - ◎ true
   - ◎ false

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8) A SWOT analysis will evaluate potential internal strengths, internal weaknesses, and external opportunities.
   - ◎ true
   - ◎ false

9) A SWOT analysis evaluates an organization's strengths, weaknesses, opportunities, and threats to identify significant influences that work for or against business strategies.
   - ◎ true
   - ◎ false

10) A SWOT analysis evaluates an organization's strengths, weaknesses, objectives, and threats.
   - ◎ true
   - ◎ false

11) A SWOT analysis evaluates an organization's strengths, worries, opportunities, and technologies to identify significant influences that work for or against business strategies.
   - ◎ true
   - ◎ false

12) In a SWOT analysis, strengths and weaknesses originate inside an organization, or internally. Opportunities and threats originate outside an organization, or externally, and cannot always be anticipated or controlled.
   - ◎ true
   - ◎ false

13) In a SWOT analysis, potential internal strengths are helpful when they identify all key strengths associated with the competitive advantage, including cost advantages, new and/or innovative services, special expertise and/or experience, proven market leader, improved marketing campaigns, and so on.
   - ◎ true
   - ◎ false

14) In a SWOT analysis, potential internal weaknesses are harmful when they identify all key areas that require improvement. Weaknesses focus on the absence of certain strengths, including absence of an Internet marketing plan, damaged reputation, problem areas for service, outdated technology, employee issues, and so on.
   - ◎ true
   - ◎ false

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15) In a SWOT analysis, potential external opportunities are helpful when they identify all significant trends along with how the organization can benefit from each, including new markets, additional customer groups, legal changes, innovative technologies, population changes, competitor issues, and so on.
- ◎ true
- ◎ false

16) In a SWOT analysis, potential external threats are harmful when they identify all threats or risks detrimental to your organization, including new market entrants, substitute products, employee turnover, differentiating products, shrinking markets, adverse changes in regulations, economic shifts, and so on.
- ◎ true
- ◎ false

17) Competitive advantages provide the same product or service either at a lower price or with additional value that can fetch premium prices.
- ◎ true
- ◎ false

18) Mark Peterson identified Porter's Five Forces Model, which analyzes the competitive forces within a business environment.
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- ◎ true
- ◎ false

19) Porter's Five Forces Model outlines the process for a sales strategy.
- ◎ true
- ◎ false

20) With the Five Forces Model, companies should watch the forces in the market. If the forces are strong, competition generally increases, and if the forces are weak, competition typically decreases.
- ◎ true
- ◎ false

21) There are many challenges to changing doctors, including transferring medical records and losing the doctor-patient relationship along with the doctor's knowledge of the patient's history. Changing doctors provides a great example of switching costs.
- ◎ true
- ◎ false

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22) Supplier power is one of Porter's five forces, and it measures the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services).
- ◎ true
- ◎ false

23) Polaroid had a unique competitive advantage for many years until it forgot to observe competitive intelligence. The firm went bankrupt when people began taking digital pictures. Polaroid provides a great example of Porter's supplier power.
- ◎ true
- ◎ false

24) Product differentiation occurs when a company develops unique differences in its products or services with the intent to influence demand.
- ◎ true
- ◎ false

25) Buyer power is the ability of buyers to affect the price they must pay for an item.
- ◎ true
- ◎ false

26) Rivalry among existing competitors refers to the ability of buyers to affect the price they must pay for an item.
- ◎ true
- ◎ false

27) The threat of substitute products or services refers to the power of customers to purchase alternatives.
- ◎ true
- ◎ false

28) The threat of substitute products or services refers to the power of competitors to enter a new market.
- ◎ true
- ◎ false

29) Tiffany & Company competes in the marketplace by offering high-cost, custom jewelry. Tiffany & Company is following a broad market and cost leadership strategy.
- ◎ true
- ◎ false

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30) Porter has identified three generic business strategies, including focused, broad cost leadership, and switching strategy.
- ◎ true
- ◎ false

31) According to Porter's three generic strategies, Walmart is following a business strategy that focuses on broad market and low cost.
- ◎ true
- ◎ false

32) According to Porter, it is recommended to adopt only one of the three generic strategies.
- ◎ true
- ◎ false

33) Buyer power is included as one of Porter's three generic strategies.
- ◎ true
- ◎ false

34) Value chain analysis views a firm as a series of business processes that each adds value to the product or service.
- ◎ true
- ◎ false

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35) A standardized set of activities that accomplish a specific task is called a supply chain component.
- ◎ true
- ◎ false

36) The value chain will group a company's activities into two categories: primary value activities and support value activities.
- ◎ true
- ◎ false

37) A digital value chain digitizes work across primary and supporting activities. It allows primary activities to connect digitally to help speed up the transition from sales to manufacturing in an organization.
- ◎ true
- ◎ false

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38) A data silo digitizes work across primary and supporting activities.
- ◎ true
- ◎ false

39) A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order.
- ◎ true
- ◎ false

40) A primary value activity is a standardized set of activities that accomplish a specific task, such as processing a customer's order.
- ◎ true
- ◎ false

41) Inbound logistics and operations are part of the primary value activities.
- ◎ true
- ◎ false

42) Inbound logistics and operations are part of the support value activities.
- ◎ true
- ◎ false

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43) Firm infrastructure and human resource management are part of the primary value activities.
- ◎ true
- ◎ false

44) Firm infrastructure and human resource management are part of the support value activities.
- ◎ true
- ◎ false

MULTIPLE CHOICE - Choose the one alternative that best completes the statement or answers the question.

45) Which of the following is NOT a typical way that a company would duplicate a competitive advantage?
- A) acquiring the new technology
- B) copying the business operations
- C) hiring away key employees
- D) carrying large product inventories

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46) Which of the following is a tool a manager can use to analyze competitive intelligence and identify competitive advantages?
A) the three generic strategies
B) the threat of substitute buyer power
C) differentiated costs
D) supplier loyalty

47) Identifying competitive advantages can be difficult, which explains why they are typically
A) temporary.
B) satisfactory.
C) terminated.
D) unsuccessful.

48) Updating business strategies is a continuous undertaking as internal and external environments
A) become less competitive.
B) remains stagnant.
C) rapidly changes.
D) become more consistent.

49) Which of the following is not a common tool used in industry to analyze and develop competitive advantages?
A) Five Forces Model
B) three generic strategies
C) competitive analysis model
D) value chain analysis

50) What is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed?
A) feedback
B) information
C) competitive intelligence
D) data

51) Who is a person or group that has an interest or concern in an organization?
A) stakeholder
B) business strategy
C) supplier
D) partner

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52) Which group of stakeholder's primary interests include reliable contracts, ethical materials handling, and responsible production?
A) partners/suppliers
B) shareholders/investors
C) community
D) government

53) Which group of stakeholder's primary interests include adhering to regulations/laws, increasing employment, and ethical taxation reporting?
A) partners/suppliers
B) shareholders/investors
C) community
D) government

54) Which group of stakeholder's primary interests include maximizing profits, growing market share, and high return on investment?
A) partners/suppliers
B) shareholders/investors
C) community
D) government

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55) Which group of stakeholder's primary interests include exceptional customer service, high-quality products, and ethical dealings?
A) partners/suppliers
B) shareholders/investors
C) community
D) customers

56) Which group of stakeholder's primary interests include fair compensation, job security, and ethical conduct/treatment?
A) employees
B) shareholders/investors
C) community
D) customers

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57) Which group of stakeholder's primary interests include professional associations, ethical recycling, and increasing employment?
A) employees
B) shareholders/investors
C) community
D) customers

58) What is a feature of a product or service on which customers place a greater value than they do on similar offerings from competitors?
A) competitive advantage
B) competitor advantage
C) power advantage
D) first-mover advantage

59) Which of the following evaluates a project's position?
A) SWOT analysis
B) Five Forces Model
C) value chain analysis
D) three generic strategies

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60) What evaluates industry attractiveness?
A) SWOT analysis
B) Five Forces Model
C) value chain analysis
D) three generic strategies

61) What executes business strategy?
A) SWOT analysis
B) Five Forces Model
C) value chain analysis
D) three generic strategies

62) Which strategy below helps an organization choose its business focus?
A) SWOT analysis
B) Five Forces Model
C) value chain analysis
D) three generic strategies

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63) Which of the following describes a stakeholder?
A) a leadership plan that achieves a specific set of goals or objectives
B) a feature of a product or service on which customers place a greater value
C) a person or group that has an interest or concern in an organization
D) information about a competitive environment

64) There are many different stakeholders found in an organization with common business interests. Depending on the stakeholder's perspective, the business strategy can change. Which of the following is not a main concern for shareholders/investors?
A) maximized profits
B) grow market share
C) job security
D) high return on investment

65) What is included in a SWOT analysis?
A) strengths, weaknesses, organizations, and technology
B) strengths, weaknesses, opportunities, and threats
C) success, willingness, opportunities, and technology
D) success, weaknesses, organizations, and threats

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66) In a SWOT analysis, which of the following could you discover as potential internal strengths (helpful)?
A) cost advantages
B) damaged reputation
C) new markets
D) competitor issues

67) In a SWOT analysis, which of the following could you discover as potential inner weaknesses (harmful)?
A) cost advantages
B) damaged reputation
C) new markets
D) competitor issues

68) In a SWOT analysis, which of the following could you discover as potential external opportunities (helpful)?
A) cost advantages
B) damaged reputation
C) new markets
D) improved marketing campaigns

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69) Managers use four common tools to analyze competitive intelligence and develop competitive advantages. Which of the following is not one of these tools?
A) three generic strategies
B) Five Forces Model
C) first-mover advantage
D) SWOT analysis

70) The Victory Wireless store in Denver is currently offering a fabulous marketing strategy for potential new iPhone customers. Victory Wireless offers customers who purchase an iPhone with a 2-year subscription a free Otter phone case, car charger, ear phones, and speakers. In terms of Porter's Five Forces Model, what is Victory Wireless attempting to achieve with this marketing strategy?
A) increased buyer power
B) increased substitute products
C) decreased supplier power
D) decreased buyer power

71) Gina Brooks works for Aquarium Retail Services selling high-end salt water fish and tank supplies. Aquarium Retail Services is the current market leader in Gina's city. Gina has recently been approached by Deep Blue Incorporated with an opportunity to run its corporate nation-wide marketing and sales division. Gina decides to jump at the opportunity. What is Deep Blue attempting to gain?
A) power
B) entry barrier
C) competitive advantage
D) loyalty

72) The banking industry has implemented several competitive advantages including ATMs, online bill pay services, and electronic statements. Of course, these competitive advantages were quickly duplicated by any competitor that wanted to remain in the banking industry. These were all examples of seeking competitive advantages through
A) acquiring new technology products and services.
B) hiring new employees.
C) reducing expenses.
D) gaining invaluable feedback from customers.

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73) Michael Porter defined the Five Forces Model and the potential pressures that can hurt sales. Which of the following is not one of the potential pressures that can hurt sales?
A) suppliers can drive down profits by charging more for supplies
B) new market entrants can steal potential investment capital
C) substitute products can steal customers
D) competition can steal customers

74) Kevin Campbell is an incoming freshman at your college. Kevin is frustrated by the cost of books, tuition, and expenses, and he needs to purchase a rather expensive laptop. In an effort to save money, Kevin begins a Facebook group finding other college students who need to purchase laptops. Soon, Kevin's Facebook group has close to 100,000 students. Kevin decides to collectively approach different computer companies to see if his group qualifies for a special discount. What business strategy is Kevin using to purchase laptops?
A) collecting business intelligence
B) decreasing entry barriers
C) purchasing a substitute product
D) increasing buyer power

75) What are costs that make customers reluctant to switch to another product or service?
A) support activities
B) switching costs
C) loyalty rewards
D) value chain activities

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76) Callie Crystal owns and operates one of the most successful local coffee shops in Denver, called the Edgewater Café. Each time a customer purchases their 100th cup of coffee at the Edgewater Café, they receive a free pound of coffee of their choice. What is Callie attempting to create with her unique "Free Pound of Coffee" marketing program?
A) reducing buyer power with a loyalty program
B) increasing buyer power with a loyalty program
C) decreasing supplier power with a differentiated product
D) creating a substitute product

77) What includes all parties involved, directly or indirectly, in obtaining raw materials or a product?
A) support chain
B) supply chain
C) system chain
D) supply choice

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78) Which of the below represents a company in a supply chain?
- A) customer and competitor
- B) supplier and competitor
- C) knowledge worker and supplier
- D) supplier and customer

79) In the center of Porter's Five Forces Model is competition. Which of the below represents the four outer boxes?
- A) buyer power, systems power, threat of false entrants, and threat of substitute products or services
- B) buyer power, systems power, threat of new entrants, and threat of substitute products or services
- C) buyer power, supplier power, threat of new entrants, and threat of substitute products or services
- D) business power, supplier power, threat of new entrants, and threat of powerful services

80) Shawn McGill is on the executive board for ABC Pharmaceuticals. The company produces the top-selling cancer-fighting drug on the market. Due to its incredible success, ABC Pharmaceuticals has decided to increase the cost of the drug from $8 a pill to $15 a pill. Which force is ABC Pharmaceuticals using to increase its drug price?
- A) supplier power
- B) buyer power
- C) threat of false entrants
- D) business power

81) What is one of the most common ways a company can decrease supplier power?
- A) charge lower prices
- B) charge higher prices
- C) use MIS to find and create alternative products
- D) companies cannot impact supplier power

82) If a supplier has high power, what can it do to influence its industry?
- A) charge higher prices
- B) shift costs to industry participants
- C) limit quality or services
- D) All of the answers are correct.

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83) How can a company reduce the threat of substitute products or services?
A) market the product to fewer than 10 customers
B) ignore competitive forces
C) offer additional value through wider product distribution
D) offer less value making the product far more generic and similar to the competition

84) Which one of Porter's five forces is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market?
A) threat of new entrants
B) threat of substitute products or services
C) threat of buyer power
D) supply chain competition

85) John Cleaver is the CEO of Tech World, a retail store that sells computers, monitors, cameras, televisions, and many other electronic products. John and his executive team are meeting to brainstorm new ideas on how to grow the business. One idea is to mimic a competitor product that is attempting to sell a new product in a different industry. After performing a Porter's Five Forces Model analysis, John determines that all of the forces are high in this new industry. What should John do?
A) explode into the market with an overflow of the product
B) contemplate other products to introduce at the same time in this new market
C) compare the competitor's prices and offer his product at a lower price in this new market
D) not introduce the product because all five forces are strong and this would be a highly risky business strategy

86) What is a feature of a product or service that customers have come to expect and entering competitors must offer the same if they want to survive?
A) significant barrier
B) entry barrier
C) product differentiation
D) entry chain

87) Which of the following represents a typical supply chain?
A) company – customers – suppliers
B) company – suppliers – customers
C) suppliers – company – customers
D) suppliers – customers – company

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88) Imagine you are creating a new product to sell in an up-and-coming market. Which of the following statements indicates that it would be easy for you as the new entrant to compete in this market?
A) the threat of new entrants' force is high in the up-and-coming market
B) the threat of new entrants' force is low in the up-and-coming market
C) the threat of new entrants' force is impossible to define in the up-and-coming market
D) All of the answers are correct.

89) Imagine you are creating a new product to sell in an up-and-coming market. Which of the following statements indicates that it would be difficult for you to enter this new market?
A) the threat of new entrants' force is high in the up-and-coming market.
B) the threat of new entrants' force is low in the up-and-coming market.
C) the threat of new entrants' force is high during the summer months in the up-and-coming market.
D) All of the answers are correct.

90) Which of the following is an example in which Porter's five forces are mostly strong and competition is high?
A) dog-walking business
B) ski resort
C) professional hockey team
D) All of the answers are correct.

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91) Which of the following offers an example in which Porter's five forces are mostly weak and competition is low?
A) an international hotel chain purchasing milk
B) a coffee shop
C) a single consumer purchasing milk
D) a dog-walking business

92) Some industries' competition is much more intense than others. Retail grocery stores such as Kroger, Safeway, and Albertson's in the United States experience fierce competition and offer similar marketing campaigns to compete. What is this an example of in terms of Porter's Five Forces Model?
A) rivalry among new entrants
B) rivalry among existing competitors
C) threat of substitute products or services
D) buyer power

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93) Amazon.com uses a customer profiling system whenever a customer visits its website. Using this system, Amazon can offer products tailored to that particular customer's profile and buying pattern. What is Amazon using to achieve this competitive advantage?
A) rivalry
B) buyer power
C) product differentiation
D) substitute product

94) Your boss, Penny Dirks, has asked you to analyze the music industry using Porter's Five Forces Model. Which of the following represents supplier power in the music industry?
A) established record labels such as EMI, Sony, and Universal
B) Walmart, Target, iTunes
C) game systems such as Xbox and social networks such as Facebook
D) Taylor Swift, Beyoncé, The Beatles, The Stones

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A) established record labels such as EMI, Sony, and Universal
B) Walmart, Target, iTunes
C) independent record labels
D) game systems such as Xbox and social networks such as Facebook

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96) Your boss, Penny Dirks, has asked you to analyze the music industry using Porter's Five Forces Model. Which of the following represents the threat of substitute products or services in the music industry?
A) established record labels such as EMI, Sony, and Universal
B) independent record labels
C) game systems such as Xbox and social networks such as Facebook
D) Taylor Swift, Beyoncé, The Beatles, The Stones

97) Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's Five Forces Model. Which of the following represents supplier power in the soft drink industry?
A) Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
B) Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
C) Zevia Natural Diet Soda begins selling directly over the Internet.
D) Vitamin water, fruit juice, coffee.

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98) Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's Five Forces Model. Which of the following represents buyer power in the soft drink industry?
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B) Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
C) Zevia Natural Diet Soda begins selling directly over the Internet.
D) Vitamin water, fruit juice, coffee.

99) Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's Five Forces Model. Which of the following represents a threat of a new entrant in the soft drink industry?
A) Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
B) Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
C) Zevia Natural Diet Soda begins selling directly over the Internet.
D) Vitamin water, fruit juice, coffee.

100) Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's Five Forces Model. Which of the following represents a substitute product in the soft drink industry?
A) Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
B) Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
C) Zevia Natural Diet Soda begins selling directly over the Internet.
D) Vitamin water, fruit juice, coffee.

101) What is buyer power?
A) the ability of buyers to affect the price they must pay for an item
B) the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services)
C) high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market
D) high when there are many alternatives to a product or service and low when there are few alternatives from which to choose

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102) What is supplier power?
A) the ability of buyers to affect the price they must pay for an item
B) the suppliers′ ability to influence the prices they charge for supplies (including materials, labor, and services)
C) high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market
D) high when there are many alternatives to a product or service and low when there are few alternatives from which to choose

103) What is the threat of substitute products or services?
A) the ability of buyers to affect the price they must pay for an item
B) the suppliers′ ability to influence the prices they charge for supplies (including materials, labor, and services)
C) high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market
D) high when there are many alternatives to a product or service and low when there are few alternatives from which to choose

104) What is the threat of new entrants?
A) the ability of buyers to affect the price they must pay for an item
B) the suppliers′ ability to influence the prices they charge for supplies (including materials, labor, and services)
C) high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market
D) high when there are many alternatives to a product or service and low when there are few alternatives from which to choose

105) What is the rivalry among existing competitors?
A) the ability of buyers to affect the price they must pay for an item
B) the suppliers′ ability to influence the prices they charge for supplies (including materials, labor, and services)
C) high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market
D) high when competition is fierce in a market and low when competitors are more complacent

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106) Your boss, Kerry Miller, has asked you to analyze the soft drink industry using Porter's Five Forces Model. Which of the following represents rivalry in the soft drink industry?
A) Pepsi requires stores that carry Pepsi products to commit to minimum orders of 1,000 cases.
B) Walmart negotiates a lower cost per bottle from Coke in exchange for premium shelf space in every Walmart store.
C) Zevia Natural Diet Soda begins selling directly over the Internet.
D) Coke and Pepsi submit bids to the owner of a football stadium for the exclusive sale of their products during games.

107) Porter identified three generic strategies that a business could follow after identifying a market it wanted to enter. Which of the following is not included as one of Porter's three generic strategies?
A) broad differentiation
B) supplier cost differentiation
C) focused strategy
D) broad cost leadership

108) When analyzing Porter's three generic strategies for entering a market, if you have a focused strategy, what market should you target?
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A) a niche market
B) a broad market
C) neither niche nor broad markets
D) both niche and broad markets

109) Which of the following offers an example of a company operating in a narrow focused market as the low-cost provider?
A) Walmart
B) Tiffany & Co.
C) Neiman Marcus
D) Payless Shoes

110) Which of the following demonstrates a company that has implemented a low cost, broad market strategy?
A) Neiman Marcus
B) Payless Shoes
C) the Sharper Image
D) Walmart

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111) If a business is following a focused strategy, then its competitive scope is
A) broad market.
B) narrow market.
C) broad range products.
D) broad range of services.

112) When applying Porter's three generic strategies, Tiffany & Co. has a competitive scope and cost strategy that is
A) broad market, high cost.
B) narrow market, low cost.
C) narrow market, high cost.
D) broad market, low cost.

113) When analyzing the bookstore industry, some of today's businesses compete with different business strategies and cost strategies. Which of the following is using a broad market competitive scope along with a low cost strategy?
A) Amazon.com
B) local independent bookstore specializing in antique books
C) Barnes & Noble
D) bookstore at the airport

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114) Which of the following is similar to a focused strategy versus a broad strategy?
A) large market versus leadership
B) large market versus uniqueness
C) niche market versus large market
D) niche market versus generic

115) Your boss, Penny Dirks, has asked you to analyze the airline industry using Porter's three generic strategies. Which of the following companies are using a cost leadership strategy?
A) Southwest, Horizon, Frontier, JetBlue
B) British Airways, Singapore Airlines, Virgin Atlantic
C) Sky Taxi, a rent-by-the-hour personal plane service
D) All of the answers are correct.

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116) Your boss, Penny Dirks, has asked you to analyze the airline industry using Porter's three generic strategies. Which of the following companies are using a differentiation strategy?
A) Southwest, Horizon, Frontier, JetBlue
B) British Airways, Singapore Airlines, Virgin Atlantic
C) Sky Taxi, a rent-by-the-hour personal plane service
D) All of the answers are correct.

117) Your boss, Penny Dirks, has asked you to analyze the airline industry using Porter's three generic strategies. Which of the following companies are using a focused strategy?
A) Southwest, Horizon, Frontier, JetBlue
B) British Airways, Singapore Airlines, Virgin Atlantic
C) Sky Taxi, a rent-by-the-hour personal plane service
D) All of the answers are correct.

118) What allows primary activities to connect digitally to help speed up the transition from sales to manufacturing in an organization?
A) SWOT analysis
B) digital distribution platform
C) management information system
D) digital value chain

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119) Baltzan bike manufacturing needed to decrease the amount of time it took to develop a customized bike. Many customers requested special parts to be assembled for the one-time creation for a bike. By connecting the sales systems to the manufacturing systems and adding 3D printing to its manufacturing process, it was able to cut down on the amount of time it took between sales and production. What type of technology is this called?
A) digital value chain
B) buyer power
C) first-mover advantage
D) SWOT analysis

120) When reviewing Porter's value chain analysis, which of the following provides customer support after the sale of goods and services?
A) inbound logistics
B) outbound logistics
C) operations
D) service

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121) Which of the following represents procurement as part of the support value activities in a value chain analysis?
A) purchases inputs such as raw materials, resources, equipment, and supplies
B) applies MIS to processes to add value
C) distributes goods and services to customers
D) promotes, prices, and sells products to customers

122) What includes support value activities and primary value activities and is used to determine how to create the greatest possible value for customers?
A) supplier power
B) operations management
C) Porter's Five Forces Model
D) value chain analysis

123) What is a standardized set of activities that accomplishes a specific task?
A) business strategy
B) business outcome
C) business process
D) knowledge process

124) Which of the following analyzes a company's business processes and is useful for determining how to create the greatest possible value for customers?
A) product analysis
B) primary supplier power
C) value chain analysis
D) buyer chain analysis

125) What are the two main categories in a value chain analysis?
A) primary value activities and secondary value activities
B) primary value activities and support value activities
C) primary value activities and strengthening value activities
D) None of the answers are correct.

126) Which of the following is not considered a category within the primary value activities in a value chain analysis?
A) inbound logistics
B) firm infrastructure
C) operations
D) service

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127) Which of the following is not considered a category within the support value activities in a value chain analysis?
A) technology development
B) outbound logistics
C) human resource management
D) firm infrastructure

128) What is the support value activity that provides employees with training, hiring, and compensation?
A) procurement
B) operations resource management
C) human resource management
D) firm infrastructure

129) Sandy Fiero works as the chief knowledge officer for Bend Lumbar Company. She has been given the responsibility to create a product or service that will bring an added value to its customers to increase the company's revenue. Sandy determines that the best value she can add is by creating a service that offers free next-day shipping on any order over $50. Where in the value chain is Sandy adding value?
A) primary value activity outbound logistics
B) primary value activity inbound logistics
C) primary value activity marketing and sales
D) primary value activity operations

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130) When evaluating the value chain, all of the following are included in the primary value activities except
A) inbound activities.
B) operations.
C) service.
D) MIS development.

131) When evaluating the value chain, which of the following is included in the support value activities?
A) inbound activities
B) marketing and sales
C) firm infrastructure
D) finance and sales

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132) Which of the following decisions does a firm need to make as soon as it has identified the activities from the value chain that are bringing the highest added value to their customers?

A) target high value-adding activities to further enhance their value
B) target low value-adding activities to increase their value
C) perform some combination of the two
D) All of the answers are correct.

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Answer Key

Test name: Chapter 02

1) TRUE
A leadership plan that achieves a specific set of goals or objectives is a business strategy.

2) TRUE
To combat business challenges, leaders communicate and execute business strategies; the word *strategy* comes from the Greek *stratus* for army and *ago* for leading.

3) FALSE
Businesses constantly need to update business strategies as the business environment rapidly changes.

4) TRUE
Attracting new customers, decreasing costs, and entering new markets are all examples of business strategies.

5) FALSE
Increasing customer loyalty, decreasing costs, and increasing sales are all examples of business strategies.

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6) FALSE
Competitive intelligence is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.

7) TRUE
FedEx created a first-mover advantage by developing its customer self-service software, which allows people to request parcel pickups, print mailing slips, and track parcels online.

8) TRUE
A SWOT analysis will evaluate potential internal strengths, internal weaknesses, and external opportunities.

9) TRUE
A SWOT analysis evaluates an organization's strengths, weaknesses, opportunities, and threats to identify significant influences that work for or against business strategies.

10) FALSE

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A SWOT analysis evaluates an organization's strengths, weaknesses, opportunities, and threats to identify significant influences that work for or against business strategies.

11) FALSE
A SWOT analysis evaluates an organization's strengths, weaknesses, opportunities, and threats to identify significant influences that work for or against business strategies.

12) TRUE
Strengths and weaknesses originate inside an organization, or internally. Opportunities and threats originate outside an organization, or externally, and cannot always be anticipated or controlled.

13) TRUE
Potential internal strengths are helpful when they identify all key strengths associated with the competitive advantage, including cost advantages, new and/or innovative services, special expertise and/or experience, proven market leader, improved marketing campaigns, and so on.

14) TRUE
In a SWOT analysis, potential internal weaknesses are harmful when they identify all key areas that require improvement. Weaknesses focus on the absence of certain strengths, including absence of an Internet marketing plan, damaged reputation, problem areas for service, outdated technology, employee issues, and so on.

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15) TRUE
Potential external opportunities are helpful when they identify all significant trends along with how the organization can benefit from each, including new markets, additional customer groups, legal changes, innovative technologies, population changes, competitor issues, and so on.

16) TRUE
Potential external threats are harmful when they identify all threats or risks detrimental to your organization, including new market entrants, substitute products, employee turnover, differentiating products, shrinking markets, adverse changes in regulations, economic shifts, and so on.

17) TRUE
Competitive advantages provide the same product or service either at a lower price or with additional value that can fetch premium prices.

18) FALSE

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Michael Porter identified Porter's Five Forces Model, which analyzes the competitive forces within a business environment.

19) FALSE
Porter's Five Forces Model analyzes the competitive forces within the environment in which a company operates to assess the potential for profitability in an industry.

20) TRUE
With the Five Forces Model, companies should watch the forces in the market. If the forces are strong, competition generally increases, and if the forces are weak, competition typically decreases.

21) TRUE
Switching costs are costs that make customers reluctant to switch to another product or service. Switching costs include financial as well as intangible values.

22) TRUE
Supplier power is one of Porter's five forces and measures the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services).

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23) FALSE
This is an example of Porter's threat of substitute products or services.

24) TRUE
Product differentiation occurs when a company develops unique differences in its products or services with the intent to influence demand.

25) TRUE
Buyer power is the ability of buyers to affect the price they must pay for an item.

26) FALSE
Buyer power is the ability of buyers to affect the price they must pay for an item.

27) TRUE
The threat of substitute products or services refers to the power of customers to purchase alternatives.

28) FALSE
The threat of substitute products or services refers to the power of customers to purchase alternatives.

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29) FALSE
Tiffany & Company is following a focused market with a high-cost differentiation strategy.

30) FALSE
Porter has identified three generic business strategies: (1) broad cost leadership, (2) broad differentiation, and (3) focused strategy.

31) TRUE
An example of a business that uses the business strategy "broad market and low cost" is Walmart.

32) TRUE
According to Porter, it is recommended to adopt only one of the three generic strategies.

33) FALSE
Buyer power is included as one of Porter's five forces.

34) TRUE
Value chain analysis views a firm as a series of business processes that each adds value to the product or service.

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35) FALSE
A standardized set of activities that accomplish a specific task is called a business process.

36) TRUE
The value chain will group a company's activities into two categories: primary value activities and support value activities.

37) TRUE
A digital value chain digitizes work across primary and supporting activities. It allows primary activities to connect digitally to help speed up the transition from sales to manufacturing in an organization.

38) FALSE
A digital value chain digitizes work across primary and supporting activities. It allows primary activities to connect digitally to help speed up the transition from sales to manufacturing in an organization.

39) TRUE

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A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order.

40) FALSE
A business process is a standardized set of activities that accomplish a specific task, such as processing a customer's order.

41) TRUE
Inbound logistics and operations are part of the primary value activities.

42) FALSE
Inbound logistics and operations are part of the primary value activities.

43) FALSE
Firm infrastructure and human resource management are part of the support value activities.

44) TRUE
Firm infrastructure and human resource management are part of the support value activities.

45) D
Ways that companies duplicate competitive advantages include acquiring new technology, copying the business operations, and hiring away key employees.

46) A
Managers utilize three common tools to analyze competitive intelligence and develop competitive advantages: (1) the Five Forces Model, (2) the three generic strategies, and (3) value chain analysis.

47) A
Competitive advantages are typically temporary.

48) C
Updating business strategies is a continuous undertaking as internal and external environments rapidly change.

49) C
A competitive analysis model is not discussed in this text.

50) C

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Competitive intelligence is the process of gathering information about the competitive environment, including competitors' plans, activities, and products, to improve a company's ability to succeed.

51) A
A stakeholder is a person or group that has an interest or concern in an organization.

52) A
Partners/suppliers are primarily interested are in reliable contracts, ethical materials handling, and responsible production.

53) D
The primary interests of government include adhere to regulations/laws, increase employment, and ethical taxation reporting.

54) B
The primary interests of shareholders/investors include maximize profits, grow market share, and high return on investment.

55) D
Customers' primary interests includes exceptional customer service, high-quality products, and ethical dealings.

56) A
Employees' primary interests include fair compensation, job security, and ethical conduct/treatment.

57) C
The community's primary interests include professional associations, ethical recycling, and increasing employment.

58) A
A competitive advantage features a product or service on which customers place a greater value than they do on similar offerings from competitors.

59) A
A SWOT analysis evaluates a project's position.

60) B

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The Five Forces Model evaluates industry attractiveness.

61) C
The value chain analysis executes business strategy.

62) D
The three generic strategies choose the business focus.

63) C
A stakeholder is a person or group that has an interest or concern in an organization.

64) C
Shareholder's/investors are generally concerned that organizations maximize profits, grow the market share, and have a high return on investment. It is not uncommon to find stakeholders' business strategies have conflicting interests such as investors looking to increase profits by eliminating employee jobs.

65) B
SWOT includes strengths, weaknesses, opportunities, and threats.

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66) A
Potential internal strengths (helpful) identify all key strengths associated with the competitive advantage, including cost advantages.

67) B
Potential internal weaknesses (harmful) identify all key areas that require improvement, including a damaged reputation.

68) C
Potential external opportunities (helpful) identify all significant trends along with how the organization can benefit from each, including new markets.

69) C
Managers use four common tools to analyze competitive intelligence and develop competitive advantages: SWOT analysis, the Five Forces Model, the three generic strategies, and value chain analysis.

70) D
Victory Wireless is attempting to decrease buyer power by offering products at a lower price or competing on price.

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71) C
Ways that companies duplicate competitive advantages include acquiring the new technology, copying business processes, and hiring away employees.

72) A
The banking industry, for example, has utilized competitive advantage by all now offering ATMs, online bill pay services, and electronic statements. These are all examples of ways they duplicated each other by acquiring new technology products and services.

73) A
Michael Porter defined the Five Forces Model. Before formally presenting his model, he identified pressures that can hurt potential sales, which include: (1) knowledgeable customers can force down prices by pitting rivals against each other, (2) influential suppliers can drive down profits by charging higher prices for supplies, (3) competition can steal customers, (4) new market entrants can steal potential investment capital, and (5) substitute products can steal customers.

74) D
Buyer power is one of Porter's five forces, which measures the ability of buyers to affect the price they must pay for an item. Kevin's group is attempting to increase its buyer power.

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75) B
Switching costs are costs that make customers reluctant to switch to another product or service.

76) A
One way to reduce buyer power is with a loyalty program, which rewards customers based on their spending.

77) B
The supply chain includes all parties involved, directly or indirectly, in obtaining raw materials or a product.

78) D
In a typical supply chain, a company will be both a supplier and a customer.

79) C
The four competitive forces that work among the power of competitors are buyer power, supplier power, threat of new entrants, and threat of substitute products or services.

80) A

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Supplier power, one of Porter's five forces, measures the suppliers' ability to influence the prices they charge for supplies (including materials, labor, and services).

81) C
Using MIS to find alternative products is one way of decreasing supplier power.

82) D
If the supplier power is high, the supplier can influence the industry by: (1) charging higher prices, (2) limiting quality or services, and/or (3) shifting costs to industry participants.

83) C
One way a company can reduce the threat of substitute products or services is to offer additional value through wider product distribution.

84) A
Threat of new entrants, one of Porter's five forces, is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market.

85) D
When the five forces are all strong or high, it is a poor business strategy; when the forces are low, this is a great time to execute the business strategy.

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86) B
Entry barrier is a feature of a product or service that customers have come to expect, and entering competitors must offer the same for survival.

87) C
A traditional business supply chain operates like this: supplier – company – customers.

88) A
The threat of new entrants is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market.

89) B
The threat of new entrants is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market.

90) A

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With Porter's Five Forces Model, these are all examples of strong forces that increase competition: (1) a single consumer purchasing milk, (2) a company that makes pencils, (3) coffee from McDonalds, (4) a dog-walking business, and (5) a coffee shop.

91) A
With Porter's Five Forces Model, these are all examples of weak forces that decrease competition: (1) an international hotel chain purchasing milk, (2) a company that makes airline engines, (3) cancer drugs from a pharmaceutical company, (4) a professional hockey team, and (5) a Department of Motor Vehicles.

92) B
Some industries' competition is much more intense than others. Retail grocery stores such as Kroger, Safeway, Albertson's, and Ralph's in the United States have fierce competition and similar programs to compete with each other.

93) C
Product differentiation is an advantage that occurs when a company develops unique differences in its products with the intent to influence demand.

94) A
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An example of supplier power in the music industry includes established record labels such as EMI, Sony, and Universal.

95) B
Buyer power in the music industry includes Walmart, Target, and iTunes, which purchase music from record labels to sell online and in stores.

96) C
Game systems such Xbox and social networks such as Facebook offer alternatives or substitute products to purchasing music for a consumer.

97) A
Supplier power in the soft drink industry is represented by Pepsi.

98) B
Buyer power in the soft drink industry is represented by Walmart.

99) C
Zevia Natural Diet Soda represents a new entrant in the soft drink industry.

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100) D
Vitamin water, fruit juice, and coffee are all substitute products to a soft drink.

101) A
Buyer power is the ability of buyers to affect the price they must pay for an item.

102) B
Supplier power is the suppliers' ability to influence the prices they charge for supplies.

103) D
The threat of substitute products or services is high when there are many alternatives to a product or service and low when there are few alternatives from which to choose.

104) C
The threat of new entrants is high when it is easy for new competitors to enter a market and low when there are significant entry barriers to joining a market.

105) D
Rivalry is high when competition is fierce in a market and low when competitors are more complacent.

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106) D
The rivalry between Coke and Pepsi is famous in the soft drink industry.

107) B
Porter has identified three generic business strategies for entering a new market: (1) broad cost leadership, (2) broad differentiation, and (3) focused strategy.

108) A
When analyzing Porter's three generic strategies for entering a market, if you have a focused strategy, you should target a narrow market, niche market, or unique market.

109) D
Payless competes by offering a specific product (narrow market): shoes at low prices. Their strategy is to be the low-cost provider of shoes.

110) D
Walmart competes by offering a broad range of products at low prices. Its business strategy is to be the low-cost provider of goods for the cost-conscious consumer.

111) B

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When the business has a market segment, their competitive scope should be a narrow market, and the cost strategy should be a focused strategy.

112) C
Tiffany & Co. competes by offering a differentiated product, jewelry, at high prices. Its business strategy allows it to be a high-cost provider of premier designer jewelry to affluent consumers.

113) A
Amazon.com competes by offering a broad range of differentiated products at low prices.

114) C
Focused strategies versus broad strategies is synonymous to niche market versus large markets.

115) A
Southwest, Horizon, Frontier, and JetBlue all use cost leadership business strategies.

116) B
British Airways, Singapore Airlines, and Virgin Atlantic all compete using differentiation strategies.

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117) C
Sky Taxi is using a focused strategy targeting individuals who want to hire private planes.

118) D
A digital value chain digitizes work across primary and supporting activities. It allows primary activities to connect digitally to help speed up the transition from sales to manufacturing in an organization.

119) A
A digital value chain digitizes work across primary and supporting activities. It allows primary activities to connect digitally to help speed up the transition from sales to manufacturing in an organization.

120) D
The service activity within the primary value activities will provide customer support after the sale of goods and services.

121) A
Procurement is the process of the support value activity that purchases inputs such as raw materials, resources, equipment, and supplies.

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122) D
The support activity firm infrastructure coupled with the primary value activity of outbound logistics is a part of the value chain analysis.

123) C
A business process is a standardized set of activities that accomplish a specific task.

124) C
The value chain analysis views a firm as a series of business processes that each adds value to the product or service.

125) B
The value chain groups a firm's activities into two categories: primary value activities and support value activities.

126) B
Primary value activities are found at the bottom of the value chain; these include business processes that acquire raw materials and manufacture, deliver, market, sell, and provide after-sales services.

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127) B
Support value activities are found along the top of the value chain and include business processes, such as firm infrastructure, human resource management, technology development, and procurement, that support the primary value activities.

128) C
Human resource management provides employee training, hiring, and compensation.

129) A
Outbound logistics distributes goods and services to customers.

130) D
Primary value activities include (1) inbound logistics, (2) operations, (3) outbound logistics, (4) marketing and sales, and (5) service.

131) C
The support value activities found along the top of the value chain include (1) firm infrastructure, (2) human resource management, (3) technology development, and (4) procurement.

132) D

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When a firm has identified the activities from the value chain that are bringing the highest added value to their customers, they need to make decisions regarding the competitive advantage by determining whether to (1) target high value-adding activities to further enhance their value, (2) target low value-adding activities to increase their value, and (3) perform some combination of the two.

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