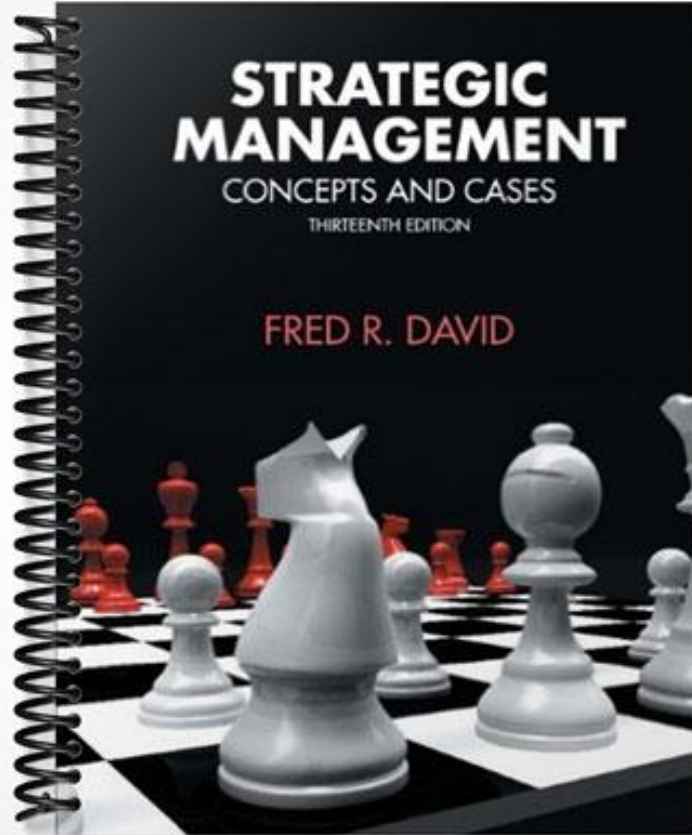


TEST BANK

STRATEGIC MANAGEMENT

CONCEPTS AND CASES
THIRTEENTH EDITION

FRED R. DAVID



Strategic Management: Concepts and Cases, 13e (David)
Chapter 2 The Business Vision and Mission

1) Vision and mission statements can often be found in the front of annual reports.

Answer: TRUE

Diff: 2 Page Ref: 43

Topic: Introduction

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

2) Although it is important for companies to have a clearly defined mission statement, research has shown that less than 50% of all companies have used a mission statement in the previous five years.

Answer: FALSE

Diff: 2 Page Ref: 43

Topic: Introduction

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

3) The foundation for development of a comprehensive mission statement is provided by a clear vision.

Answer: TRUE

Diff: 1 Page Ref: 43

Topic: What Do We Want To Become?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

4) The mission statement should be short – preferably one sentence.

Answer: FALSE

Diff: 1 Page Ref: 43

Topic: What Do We Want To Become?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

5) When developing a vision statement, input should be received from as many managers as possible.

Answer: TRUE

Diff: 1 Page Ref: 43

Topic: What Do We Want To Become?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

6) If an organization chooses to have both a mission and a vision, the mission statement should be established first.

Answer: FALSE

Diff: 2 Page Ref: 43

Topic: What Do We Want To Become?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

7) According to Peter Drucker, asking the question "What is our business?" is synonymous with asking the question "What is our vision?"

Answer: FALSE

Diff: 3 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

8) A mission statement is a declaration of an organization's "reason for being."

Answer: TRUE

Diff: 1 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

9) A mission statement, sometimes called a creed statement, can be defined as an enduring statement of purpose that distinguishes one organization from other similar enterprises.

Answer: TRUE

Diff: 2 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

10) Small, nonprofit organizations never develop mission statements.

Answer: FALSE

Diff: 2 Page Ref: 42

Topic: What Is Our Business?

AACSB: Reflective Thinking

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

11) A mission statement is a declaration of an organization's financial status.

Answer: FALSE

Diff: 1 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

12) A mission statement can sometimes be called a statement of philosophy.

Answer: TRUE

Diff: 1 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

13) Carefully prepared statements of vision and mission are widely recognized as the first step in strategic management.

Answer: TRUE

Diff: 2 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

14) An important question a mission statement should answer is, "What do we want to become?"

Answer: FALSE

Diff: 2 Page Ref: 43

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

15) Whereas the mission statement answers the question, "What do we want to become?," the vision statement answers the question, "What is our business?"

Answer: FALSE

Diff: 3 Page Ref: 43-44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

16) In order to motivate a workforce effectively, both profit and vision are needed.

Answer: TRUE

Diff: 2 Page Ref: 46

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

17) When developing a mission statement, it is usually advisable to involve as few managers as possible.

Answer: FALSE

Diff: 1 Page Ref: 43

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

18) The first step in the process of developing a mission statement is to ask all participants to prepare what they believe the organization's mission should be.

Answer: FALSE

Diff: 2 Page Ref: 46

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

19) According to Campbell and Yeung, the process of developing a mission statement should create an "emotional bond" and "sense of mission" between the organization and its employees.

Answer: TRUE

Diff: 2 Page Ref: 47

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

20) According to Campbell and Yeung, an organization's vision is associated with behavior and with the present.

Answer: FALSE

Diff: 2 Page Ref: 47

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

21) According to King and Cleland, carefully developed and written mission statements ensure unanimity of purpose within the organization.

Answer: TRUE

Diff: 1 Page Ref: 47

Topic: The Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

22) Research has failed to find a positive relationship between mission statements and organizational performance.

Answer: FALSE

Diff: 2 Page Ref: 47

Topic: The Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

23) Mission statements are sometimes difficult to derive because top management may disagree over company objectives.

Answer: TRUE

Diff: 2 Page Ref: 48

Topic: The Importance of Vision and Mission Statements

AACSB: Reflective Thinking

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

24) According to Drucker, the most important time for a company to develop mission and vision statements is when the company is experiencing financial difficulty.

Answer: FALSE

Diff: 2 Page Ref: 48

Topic: The Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

25) In multidivisional organizations, each division should develop a mission statement consistent with and supportive of the corporate mission.

Answer: TRUE

Diff: 2 Page Ref: 49

Topic: The Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

26) Mission statements provide managers with a unity of direction that transcends individual, parochial and transitory needs by promoting a sense of shared expectations among all levels and generations of employees.

Answer: TRUE

Diff: 2 Page Ref: 49

Topic: The Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

27) A mission statement promotes a sense of shared expectations among all levels and generations of employees.

Answer: TRUE

Diff: 2 Page Ref: 49

Topic: The Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

28) When a company has been successful the question "What is our business?" becomes unnecessary.

Answer: FALSE

Diff: 1 Page Ref: 48

Topic: The Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

29) A mission statement is usually just a simple statement of specific beliefs.

Answer: FALSE

Diff: 1 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

30) A mission statement should be broad enough to reconcile differences among an organization's various stakeholders.

Answer: TRUE

Diff: 3 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

31) Stakeholders of an organization include stockholders, customers and creditors, but not competitors.

Answer: FALSE

Diff: 2 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

32) Individuals who own stock in a corporation are considered stakeholders.

Answer: TRUE

Diff: 1 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

33) Stakeholders both affect and are affected by an organization's strategic decisions.

Answer: TRUE

Diff: 1 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

34) Mission statements should always be stated with a high level of specificity.

Answer: FALSE

Diff: 2 Page Ref: 49

Topic: Characteristics of a Mission Statement

AACSB: Reflective Thinking

Objective: 2.03 Identify the components of mission statements.

- 35) The relative attention an organization will devote to meeting the claims of various stakeholders is indicated in a good mission statement.
Answer: TRUE
Diff: 2 Page Ref: 49
Topic: Characteristics of a Mission Statement
Objective: 2.03 Identify the components of mission statements.
- 36) Specificity might stifle creativity in the formulation of an acceptable mission or purpose.
Answer: TRUE
Diff: 2 Page Ref: 49
Topic: Characteristics of a Mission Statement
Objective: 2.03 Identify the components of mission statements.
- 37) It is unusual for the claims and concerns of a company's stakeholders to vary or conflict.
Answer: FALSE
Diff: 2 Page Ref: 49
Topic: Characteristics of a Mission Statement
Objective: 2.03 Identify the components of mission statements.
- 38) In most cases, at least 500 words are required to effectively state a mission statement.
Answer: FALSE
Diff: 1 Page Ref: 50
Topic: Characteristics of a Mission Statement
Objective: 2.03 Identify the components of mission statements.
- 39) An effective mission statement generates the impression a firm is successful, has direction, and is worthy of time, support and investment.
Answer: TRUE
Diff: 2 Page Ref: 50
Topic: Characteristics of a Mission Statement
Objective: 2.03 Identify the components of mission statements.
- 40) According to Vern McGinnis, an effective mission statement should define what the organization is and what the organization aspires to be.
Answer: TRUE
Diff: 2 Page Ref: 50
Topic: Characteristics of a Mission Statement
Objective: 2.03 Identify the components of mission statements.
- 41) Having a clear mission and vision can provide a basis for a company's internal and external assessment.
Answer: TRUE
Diff: 2 Page Ref: 50
Topic: Characteristics of a Mission Statement
Objective: 2.03 Identify the components of mission statements.

42) Good mission statements identify the utility of a firm's products to its customers.

Answer: TRUE

Diff: 2 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

43) Attracting customers is a major reason for developing a mission statement.

Answer: TRUE

Diff: 1 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

44) AT&T's mission statement focuses on telephones rather than on communication.

Answer: TRUE

Diff: 2 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

45) A mission statement that is limited enough to exclude some ventures is a poor mission statement.

Answer: FALSE

Diff: 2 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

46) A good mission statement serves as a framework for evaluating both current and prospective activities.

Answer: TRUE

Diff: 3 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

47) The operating philosophy of organizations should be to develop a product and then try to find a market for it.

Answer: FALSE

Diff: 2 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

48) One of the benefits of having a clear mission and vision is promoting a sense of shared expectations among all managers and employees.

Answer: TRUE

Diff: 2 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

49) According to George Steiner, vagueness has no place in a good mission statement.

Answer: FALSE

Diff: 2 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

50) A mission statement should be broad in scope, since concrete specification could be the base for rallying opposition.

Answer: TRUE

Diff: 2 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

51) Union Pacific's mission statement focuses on transportation rather than on railroads because good mission statements identify the utility of a firm's products to its customers.

Answer: TRUE

Diff: 2 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

52) The utility statement, "Do not offer me attractive looks; offer me clothes," is relevant in developing a mission statement.

Answer: FALSE

Diff: 3 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

53) A firm's philosophy in a mission statement addresses the question, "What is the firm's distinctive competence?"

Answer: FALSE

Diff: 2 Page Ref: 51

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

54) A firm's concern for employees in a mission statement addresses the question, "Is the firm responsive to social, community, and environmental concerns?"

Answer: FALSE

Diff: 2 Page Ref: 51

Topic: Components of a Mission Statement

AACSB: Ethical Reasoning

Objective: 2.03 Identify the components of mission statements.

55) According to Peter Drucker, developing a clear business vision and mission is the first responsibility of strategists.

Answer: TRUE

Diff: 1 Page Ref: 53

Topic: Conclusion

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

56) A sense of self-concept is one of the nine components a good mission statement should include.

Answer: TRUE

Diff: 2 Page Ref: 51

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

57) Well-conceived and properly executed mission and vision statements do not need to be subject to revision.

Answer: FALSE

Diff: 1 Page Ref: 53

Topic: Conclusion

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

58) All of the following are mentioned as places where vision and mission statements can often be found *except*:

A) SEC reports.

B) annual reports.

C) customer service agreements.

D) supplier agreements.

E) business plans.

Answer: A

Diff: 2 Page Ref: 43

Topic: Introduction

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

59) According to recent studies, what percent of companies have used a mission statement sometime in the past five years?

- A) 15%
- B) 30%
- C) 60%
- D) 75%
- E) 90%

Answer: E

Diff: 1 Page Ref: 43

Topic: Introduction

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

60) Which of these basic questions should a vision statement answer?

- A) What is our business?
- B) Who are our employees?
- C) What are our challenges?
- D) What do we want to become?
- E) Who are our competitors?

Answer: D

Diff: 2 Page Ref: 43

Topic: What Do We Want To Become?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

61) Which type of statement should be created first and foremost?

- A) Strategic
- B) Vision
- C) Objectives
- D) Mission
- E) Competitive advantage

Answer: B

Diff: 1 Page Ref: 43

Topic: What Do We Want To Become?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

- 62) The ideal length of a vision statement is
- A) one page.
 - B) several paragraphs.
 - C) one sentence.
 - D) several sentences.
 - E) as long as is necessary to convey the message.

Answer: C

Diff: 1 Page Ref: 43

Topic: What Do We Want To Become?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

- 63) Who is referred to as "the father of modern management?"

- A) Deming
- B) Peters
- C) Drucker
- D) McGinnis
- E) Smith

Answer: C

Diff: 2 Page Ref: 43

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

- 64) What is the first step in the comprehensive strategic-management model?

- A) Developing vision and mission statements
- B) Performing external audits
- C) Performing internal audits
- D) Measuring and evaluating performance
- E) Establishing long-term objectives

Answer: A

Diff: 2 Page Ref: 45

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

65) According to the comprehensive strategic-management model, which step needs to be completed immediately following the establishment of long-term objectives?

- A) Developing vision and mission statements
- B) Performing external audits
- C) Performing internal audits
- D) Generating, evaluating, and selecting strategies
- E) Measuring and evaluating performance

Answer: D

Diff: 2 Page Ref: 45

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

66) The purpose of a mission statement is to declare all of these *except*

- A) a reason for being.
- B) an annual financial plan.
- C) a statement of purpose.
- D) a statement of beliefs.
- E) whom it wants to serve.

Answer: B

Diff: 2 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

67) As indicated in the strategic-management model, a clear _____ is needed before alternate strategies can be formulated and implemented.

- A) long-term objective
- B) short-term objective
- C) policy
- D) mission statement
- E) evaluation strategy

Answer: D

Diff: 1 Page Ref: 46

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

68) A business's mission is the foundation for all of the following *except*:

- A) priorities.
- B) strategies.
- C) plans.
- D) employee wage rates.
- E) work assignments.

Answer: D

Diff: 1 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

69) The mission statement answers which question?

- A) What is our business?
- B) How can we improve ourselves?
- C) What do we want to become?
- D) Who are our stakeholders?
- E) How can we increase profitability?

Answer: A

Diff: 2 Page Ref: 44

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

70) The vision statement answers which question?

- A) What is our business?
- B) How can we improve ourselves?
- C) What do we want to become?
- D) Who are our stakeholders?
- E) How can we increase profitability?

Answer: C

Diff: 1 Page Ref: 43

Topic: What Is Our Business?

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

71) In the process of developing a mission statement, it is important to involve

- A) as few managers as possible.
- B) as many managers as possible.
- C) upper-level management only.
- D) lower-level management only.
- E) the board of directors only.

Answer: B

Diff: 1 Page Ref: 46

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

72) The process of developing a vision and mission statement often includes which of these as the first activity?

- A) Requesting that managers modify the current document
- B) Asking managers to read selected articles about mission statements
- C) Asking managers to prepare a mission statement for the organization
- D) Having a brainstorming session on whether the organization should have a mission statement
- E) Merging several mission statements into one document

Answer: B

Diff: 2 Page Ref: 46

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

73) After a draft mission statement has been developed, it is important to

- A) ask managers to read several articles about mission statements as background information.
- B) vote on the mission statement.
- C) ask managers to prepare a mission statement for the organization.
- D) ask managers to seek support for the mission statement from their subordinates.
- E) request modifications, additions and deletions to the mission statement.

Answer: E

Diff: 3 Page Ref: 46

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

74) What can be used to promote unbiased views and to manage the development of the mission statement more effectively?

- A) An internal group
- B) A committee of managers
- C) Command-and-control
- D) Surveys
- E) An outside facilitator

Answer: E

Diff: 2 Page Ref: 47

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

75) According to Campbell and Yeung, what is/are most likely associated with behavior and the present?

- A) Mission
- B) Values
- C) Long-term objectives
- D) Vision
- E) Possibilities

Answer: A

Diff: 3 Page Ref: 47

Topic: What Is Our Business?

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

76) A study by Rarick and Vitton found that firms with a formalized mission statement have _____ the average return on shareholders' equity compared to those firms without a formalized mission statement.

- A) one-quarter
- B) half
- C) twice
- D) three times
- E) five times

Answer: C

Diff: 2 Page Ref: 47

Topic: Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

77) *Business Week* reports that firms using mission statements have a _____ percent higher return on certain financial measures than those without such statements.

- A) 10
- B) 15
- C) 30
- D) 57
- E) 54

Answer: C

Diff: 2 Page Ref: 47

Topic: Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

78) King and Cleland recommend that organizations carefully develop a written mission statement for all of the following reasons *except*

- A) to provide a basis for allocating organizational resources.
- B) to establish a general tone or organizational climate.
- C) to ensure unanimity of purpose within the organization.
- D) to ensure a command-and-control structure.
- E) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization.

Answer: D

Diff: 2 Page Ref: 47

Topic: Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

79) When developing a mission statement, what is needed before people can focus on specific strategy formulation activities?

- A) Negotiation
- B) Compromise
- C) Eventual agreement
- D) A and B only
- E) All of the above

Answer: E

Diff: 1 Page Ref: 48

Topic: Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

80) What is the best time to develop a mission statement?

- A) Before a business is opened
- B) When the firm is successful
- C) When the firm is in financial trouble
- D) When the firm is in legal trouble
- E) When the firm encounters competition

Answer: B

Diff: 2 Page Ref: 48

Topic: Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

81) A change in mission always leads to changes in

- A) objectives.
- B) strategies.
- C) organization.
- D) behavior.
- E) all of the above.

Answer: E

Diff: 2 Page Ref: 48

Topic: Importance of Vision and Mission Statements

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

82) Which group would be classified as stakeholders?

- A) Governments
- B) Creditors
- C) Suppliers
- D) Employees
- E) All of the above

Answer: E

Diff: 1 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

83) All stakeholders

- A) have claims and concerns about an organization, but these claims and concerns vary.
- B) have the same claims and concerns about an organization.
- C) have ownership rights in an organization.
- D) have the same voting rights in an organization.
- E) have environmental concerns as their top priority.

Answer: A

Diff: 2 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

84) A good mission statement has

- A) an employee orientation.
- B) a customer orientation.
- C) a shareholder orientation.
- D) an environmental orientation.
- E) a profit orientation.

Answer: B

Diff: 3 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

85) The potential for creative growth in an organization can be limited by

- A) an overemphasis on stakeholders.
- B) not enough emphasis on stakeholders.
- C) a mission statement that is too general.
- D) a mission statement that is too specific.
- E) a mission statement that is too dynamic.

Answer: D

Diff: 1 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

86) An overly general mission statement that _____ could be dysfunctional.

- A) does not exclude any strategy alternatives
- B) encourages management creativity
- C) excludes all diversification
- D) endorses the consideration of feasible potential strategies
- E) allows for the generation and consideration of a range of alternative objectives

Answer: A

Diff: 2 Page Ref: 49

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

87) The general public is especially interested in _____, whereas stockholders are more interested in _____.

- A) environmental concerns; social responsibility
- B) social responsibility; the treatment of employees
- C) the treatment of employees; environmental concerns
- D) profitability; social responsibility
- E) social responsibility; profitability

Answer: E

Diff: 2 Page Ref: 49

Topic: Characteristics of a Mission Statement

AACSB: Ethical Reasoning

Objective: 2.03 Identify the components of mission statements.

88) In order to appeal to its diverse stakeholders, an effective mission statement should be

- A) inflammatory.
- B) provocative.
- C) contentious.
- D) reconciliatory.
- E) dysfunctional.

Answer: D

Diff: 2 Page Ref: 49

Topic: Characteristics of a Mission Statement

AACSB: Communication

Objective: 2.03 Identify the components of mission statements.

89) In developing a mission statement, arousing emotion

- A) is not a benefit.
- B) is futile.
- C) is important.
- D) should be avoided if possible.
- E) is counterproductive.

Answer: C

Diff: 1 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

90) According to McGinnis, a mission statement should be all of the following *except*:

- A) it should be specific enough to control creative growth.
- B) it should be stated in clear terms.
- C) it should distinguish an organization from all others.
- D) it should define what an organization is.
- E) it should serve as a framework for evaluating both current and prospective activities.

Answer: A

Diff: 2 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

91) An effective mission statement is all of the following *except*:

- A) it reflects judgments about future growth directions that are based upon forward-looking external and internal analyses.
- B) it provides useful criteria for selecting among alternative strategies.
- C) it provides a basis for generating and screening strategic options.
- D) it is static in orientation.
- E) it should be enduring.

Answer: D

Diff: 2 Page Ref: 50

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

92) Good mission statements identify the _____ of a firm's products to its customers.

- A) utility
- B) price
- C) profit margin
- D) demand
- E) popularity

Answer: A

Diff: 1 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

93) Which of these examples of a mission statement's focus area does *not* identify the utility of the firm's products to its customers?

- A) AT&T focuses on communication rather than telephones.
- B) Exxon/Mobil focuses on oil and gas rather than energy.
- C) Union Pacific focuses on transportation rather than railroads.
- D) Universal Studios focuses on entertainment rather than movies.
- E) Starbucks focuses on the café experience rather than coffee.

Answer: B

Diff: 2 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

94) All of the following utility statements are relevant in developing a mission statement *except*:

- A) Do not offer me shoes. Offer me comfort for my feet and the pleasure of walking.
- B) Do not offer me furniture. Offer me comfort and the quietness of a cozy place.
- C) Do not offer me ideas, emotions, ambience, feelings, and benefits. Offer me things.
- D) Do not offer me books. Offer me hours of pleasure and the benefit of knowledge.
- E) Do not offer me clothes. Offer me attractive looks.

Answer: C

Diff: 2 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

95) According to a classic description of the purpose of a business, it is the _____ who determines what a business is.

- A) marketing department
- B) middle-management
- C) CEO
- D) customer
- E) strategist

Answer: D

Diff: 3 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

96) What a _____ is decisive and determines what a business is, and what the customer buys and considers value is _____.

- A) business thinks it produces; never a product
- B) business thinks it produces; what a product or service does for him or her
- C) customer thinks s/he is buying; always a product
- D) customer thinks s/he is buying; always utility
- E) business thinks a customer wants; never what a product or service does for him or her

Answer: C

Diff: 2 Page Ref: 51

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

97) An effective mission statement should do all of the following *except*:

- A) include monetary amounts, numbers, percentages and ratios.
- B) be inspiring.
- C) reveal that the firm is environmentally responsible.
- D) identify the utility of a firm's products.
- E) be reconciliatory.

Answer: A

Diff: 2 Page Ref: 52

Topic: Characteristics of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

98) The following excerpt from a mission statement illustrates which of the nine essential components of a mission statement?

"We believe our first responsibility is to the doctors, nurses, patients, mothers, and all others who use our products and services."

- A) Markets
- B) Customers
- C) Concern for Employees
- D) Concern for Public Image
- E) Technology

Answer: B

Diff: 2 Page Ref: 52

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

99) Which of the following illustrates the self-concept component of a mission statement?

- A) To earn our customer's loyalty, we listen to them, anticipate their needs, and act to create value in their eyes.
- B) We are committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of our employees.
- C) Our emphasis is on North American markets, although global opportunities will be explored.
- D) To compensate its employees with remuneration and fringe benefits competitive with other employment opportunities in its geographical area and commensurate with their contributions toward efficient corporate operations.
- E) In this respect, the company will conduct its operations prudently and will provide the profits and growth which will assure our ultimate success.

Answer: B

Diff: 3 Page Ref: 52

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

100) Effective mission statements can vary in

- A) length.
- B) content.
- C) format.
- D) specificity.
- E) all of the above

Answer: E

Diff: 1 Page Ref: 51

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

101) Which component of a mission statement addresses the firm's distinctive competence or major competitive advantage?

- A) Technology
- B) Philosophy
- C) Concern for public image
- D) Customers
- E) Self-concept

Answer: E

Diff: 2 Page Ref: 51

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

102) Which component of a mission statement addresses the basic beliefs, values, aspirations, and ethical priorities of the firm?

- A) Technology
- B) Philosophy
- C) Concern for public image
- D) Customers
- E) Self-concept

Answer: B

Diff: 2 Page Ref: 51

Topic: Components of a Mission Statement

AACSB: Ethical Reasoning

Objective: 2.03 Identify the components of mission statements.

103) Which question(s) are answered in an effective mission statement?

- A) What is the purpose of our organization?
- B) What is our company philosophy or self-concept?
- C) What technology will we employ to achieve our objectives?
- D) Who are the firm's customers?
- E) All of the above

Answer: E

Diff: 1 Page Ref: 51

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

104) Which of the following is not one of the nine recommended components of a mission statement?

- A) Strategies
- B) Self-concept
- C) Concern for employees
- D) Markets
- E) Customers

Answer: A

Diff: 1 Page Ref: 51

Topic: Components of a Mission Statement

Objective: 2.03 Identify the components of mission statements.

105) Effective and carefully planned mission statements

- A) require major changes every few months.
- B) require major changes every few years.
- C) never require revision.
- D) become ineffective in the first year.
- E) stand the test of time.

Answer: E

Diff: 1 Page Ref: 53

Topic: Components of a Mission Statement

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

106) Describe why a mission statement is so important in the strategic-management process.

Answer: A clear mission statement is essential for effectively establishing objectives and formulating strategies. It reveals what an organization wants to be and whom it wants to serve. A business mission is the foundation for priorities, strategies, plans and work assignments. It is the starting point for the design of managerial jobs and for the design of managerial structures.

Diff: 1 Page Ref: 44

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

107) Compare and contrast vision statement with mission statement.

Answer: Many organizations develop both a mission statement and a vision statement. Whereas the mission statement answers the question, "What is our business," the vision statement answers the question, "What do we want to become?" When employees and managers together shape or fashion the vision and mission statements for a firm, the resultant documents can reflect the personal visions managers and employees have in their hearts and minds about their own futures. Shared vision creates a commonality of interests that can lift workers out of the monotony of daily work and put them into a new world of opportunity and challenge.

Diff: 2 Page Ref: 45-46

Objective: 2.01 Describe the nature and role of vision and mission statements in strategic management.

108) Explain the process of developing a mission statement.

Answer: A widely used approach to developing a mission statement is first to select several articles about mission statements and ask all managers to read these as background information. Then ask managers themselves to prepare a mission statement for the organization. A facilitator or committee of top managers should then merge these statements into a single document and distribute this draft mission statement to all managers. A request for modifications, additions and deletions is needed next, along with a meeting to revise the document. To the extent all managers have input into and support the final mission statement document, organizations can more easily obtain managers' support for other strategy formulation, implementation and evaluation activities.

Diff: 2 Page Ref: 46-47

Objective: 2.02 Discuss why the process of developing a mission statement is as important as the resulting document.

109) King and Cleland recommend organizations carefully develop a written mission statement for six reasons. List and describe five of these reasons.

Answer: There are six reasons King and Cleland give to develop a mission statement. Students may list and describe any five of the following: 1) to ensure unanimity of purpose within the organization, 2) to provide a basis, or standard, for allocating organizational resources, 3) to establish a general tone or organizational climate, 4) to serve as a focal point for individuals to identify with the organization's purpose and direction, and to deter those who cannot from participating further in the organization's activities, 5) to facilitate the translation of objectives into a work structure involving the assignment of tasks to responsible elements within the organization, and 6) to specify organizational purposes and then to translate these purposes into objectives in such a way that cost, time and performance parameters can be assessed and controlled.

Diff: 2 Page Ref: 47

Objective: 2.04 Discuss how clear vision and mission statements can benefit other strategic-management activities.

110) List the two major characteristics of an effective mission statement.

Answer: The major characteristics of an effective mission statement are a declaration of attitude and a customer orientation.

Diff: 1 Page Ref: 49-51

Objective: 2.03 Identify the components of mission statements.

111) A good mission statement effectively reflects the anticipations of customers and reveals the utility that various products or services offer customers. Give three examples of this.

Answer: Student answers may vary, but could include: 1) AT&T's mission statement focuses on communication rather than on telephones; 2) Exxon's mission statement focuses on energy rather than on oil and gas; 3) Union Pacific's mission statement focuses on transportation rather than on railroads; and/or 4) Universal Studios' mission statement focuses on entertainment rather than on movies.

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Objective: 2.03 Identify the components of mission statements.

112) List and define the major components of an effective mission statement.

Answer: Students should list and define the following components of an effective mission statement: 1) customers, 2) products or services, 3) markets, 4) technology, 5) concern for survival, growth and profitability, 6) philosophy, 7) self-concept, 8) concern for public image and 9) concern for employees.

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.

113) Define and give an example of the self-concept component in a mission statement.

Answer: The self-concept component of a mission statement asks the question, "What is the firm's distinctive competence or major competitive advantage?" An example of the self-concept component is, "Crown Zellerback is committed to leapfrogging ongoing competition within 1,000 days by unleashing the constructive and creative abilities and energies of each of its employees."

Diff: 2 Page Ref: 51

Objective: 2.03 Identify the components of mission statements.