Strategic Management BUS-421-TE

This TECEP® focuses on the development and implementation of sound strategy as the means to succeed in business. It covers concepts and applications from various functional areas of business. It is concerned with how managers engage in strategic thinking, planning, analysis, and execution to gain a sustained competitive advantage in the marketplace. (3 s.h.)

- Test format: 30 multiple choice questions (1 point each); 5 short answer questions (5 points each); 3 essays (15 points each)
- Passing score: 60% (60/100 points). Your grade will be reported as CR (credit) or NC (no credit).
- Time limit: 3 hours

Topics on the test and their approximate distribution

1. **Vision, Mission, Objectives, Strategy** (10%)  
   *Key Concepts:*  
   Strategy, competitive advantage, business model, mission, vision, objectives, strategic intent

2. **Evaluating A Firm’s External Environment** (15%)  
   *Key Concepts:*  
   Five forces model of competition, drivers of change, strategic group mapping, key success factors

3. **Evaluating A Firm’s Internal Environment** (15%)  
   *Key Concepts:*  
   Key financial ratios, core competence, distinctive competence, SWOT analysis, value chain, benchmarking

4. **Alternative Competitive Strategies And Behaviors** (5%)  
   *Key Concepts:*  
   Generic strategies, blue ocean strategy, first mover, horizontal integration, vertical integration, outsourcing, strategic alliance

5. **Competing Internationally** (15%)  
   *Key Concepts:*  
   Political risk, multidomestic strategy, global strategy, transnational strategy, profit sanctuary

6. **Diversification Strategies** (15%)  
   *Key Concepts:*  
   Strategic fit, mode of entry, industry attractiveness, related and unrelated diversification, company-wide restructuring

7. **Ethics And Social Responsibility** (5%)  
   *Key Concepts:*  
   Ethical universalism, ethical relativism, integrated social contracts theory, corporate social responsibility, triple bottom line

8. **Strategy Execution** (20%)  
   *Key Concepts:*  
   Organizational structures, centralized and decentralized decision making, business process reengineering, total quality management, six sigma quality programs, reward systems, corporate culture
Study materials

_Crafting and Executing Strategy: The Quest for Competitive Advantage--Concepts and Cases._
Arthur A. Thompson, Margaret Peteraf, John E. Gamble, A. J. Strickland.

Strategic Management is a capstone subject requirement for the BSBA degree. Therefore, in addition to the knowledge found in the suggested text, this TECEP exam will test your ability to use the knowledge you have gained throughout your previous business-area coursework to answer the short-answer and essay questions.

We recommend that you focus on the text more than the cases. Concentrate on the major topics, using the topic outline as an integrating guide.

In addition to textbook study, reading current business periodicals and watching business-based news programs will provide you with the knowledge of how management copes with current issues, given the constant change in business conditions.

Sample questions

1. In what way is strategic planning often distinguished from operational planning?
   a. By the organizational vs. functional focus
   b. By the number of executives involved in the process
   c. By the complexity of the planning forms
   d. By the use of outside consultants

2. Which of the following environmental forces falls into the macroenvironment?
   a. Competitive
   b. Supplier
   c. Economic
   d. Regulatory

3. What is the primary function of a mission statement?
   a. To set profit objectives
   b. To describe current strategy
   c. To communicate a business purpose
   d. To set priorities for the upcoming year

4. SWOT stands for
   a. strengths, weaknesses, opportunity, threats
   b. strengths, weaknesses, objectives, theory
   c. strategy, workforce, opportunity, threats
   d. strategy, workforce, objectives, theory

5. A firm that is living on its past laurels will probably have a culture that is
   a. politicized and differentiated
   b. change-resistant
   c. greed-driven
   d. insular and inwardly focused

6. What generic strategy is seen as a recipe for mediocrity?
   a. Low cost, low quality
   b. Being all things to all people
   c. Broad differentiation
   d. Focusing on the bottom line.
7. What is a major benefit of having a global strategy?
   a. Economy of scale
   b. Providing customized products
   c. Flexibility in planning
   d. Ability to develop profitable niche markets

8. A fragmented industry
   a. emphasizes economy of scale
   b. emphasizes large capital requirements
   c. has many different product lines
   d. has an absence of market leaders

9. Which force below would be considered part of the immediate environment?
   a. Economy
   b. Product substitutions
   c. Regulation
   d. Societal values

10. Who benefits when the currency grows weaker in the location where products are manufactured?
    a. Rivals
    b. Exporters
    c. Customers
    d. Suppliers

*Partial credit will be awarded for the short answers and the essays.*

**Short answer**
11. Provide 3 reasons why firms have moved away from unrelated, conglomerate type diversification.

12. Identify 3 strategy options a firm can use when expanding internationally.

**Essay**
The three essays will test your knowledge of the concepts and issues involved in managing and strategizing for an organization. While the content of your essays is more important than their length, you will be expected to provide complete answers. The points below provide the basic elements of a complete answer.

13. A. Identify and describe the 5 generic competitive strategies.
    B. What resources or capabilities are required to pursue each of these strategies?

**Answers to sample questions**

**Multiple Choice**

1. a  2. c  3. c  4. a  5. d
6. b  7. a  8. d  9. b  10. b
Short answer

11. (1) Because of their lack of knowledge about acquired businesses.
   (2) Because it adds costs and there is little sharing between divisions.
   (3) Because stockholders can diversify on their own.

12. (1) Export from the home base.
   (2) License to established businesses in the target market.
   (3) Franchises that set up turnkey operations for foreign partners.

Essay

13. (A) **Low cost provider:** This offers operations and/or scale advantages over the competition.
    (B) Reduce costs in the value chain system.

    (A) **Broad differentiation:** This creates positive differences between your product and the rival's, impacting the total market.
    (B) Focus on quality, design, intangibles, and innovation.

    (A) **Best cost provider:** This creates a positive value proposition vs. the rival's.
    (B) Simultaneously deliver lower costs and higher quality and differentiated features.

    (A) **Focused low cost provider:** This targets the market segment through price advantage.
    (B) Lower costs on niche goods.

    (A) **Focused differentiation:** This tailors a superior product to a targeted segment.
    (B) Meet the highly specific needs of niche customers.