Strategic Management

Multiple choice questions

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PART A: MULTIPLE CHOICE QUESTIONS

CHAPTER ONE
The Nature of Strategic Management

1. Which of these is not a reason why some firms do no strategic planning?
   a. Laziness
   b. Competitive leadership
   c. Honest difference of opinion
   d. Poor reward structures

2. Developing a vision and mission, identifying an organization's external opportunities and threats, and determining internal strengths and weaknesses are all __________ activities.
   a. strategy-formulation
   b. strategy-implementation
   c. long-range planning
   d. short-range planning

3. The means by which long-term objectives will be achieved are
   a. mission statements
   b. strategies.
   c. vision statements.
   d. long-term goals.

CHAPTER TWO
Business Mission

4. The ________ answers the question "What do we want to become?" whereas ________ answers the question "What is our business?"
   a. vision statement; mission statement
   b. short-term objectives; long-term objectives
   c. objectives; strategies
   d. mission; vision

5. What is the recommended length of an effective mission statement?
   a. One page
   b. Less than 200 words
   c. One sentence of 10 to 20 words.
   d. There is no recommendation. It can be as long as the management wants.

CHAPTER THREE
External Assessment

6. __________ represents the average score in both EFE and CPM.
   a. 2.0
   b. 3.0
   c. 2.5
   d. 4.0

7. All of these, except __________, are part of Porter's competitive forces in industry analysis.
8. __________ is based on the assumption that the future will be just like the past. [Hint]
   a. Delphi forecasts
   b. Econometric models
   c. Linear regression
   d. Scenario forecasts

CHAPTER FOUR
Internal Assessment

9. Shorthand words use to capture a vision or to reinforce old or new values in a firm's culture are called
   a. Metaphors
   b. Sagas
   c. Rituals
   d. Symbols

10. In an IFE Matrix, the weight range is from __________ and the ratings range from __________.
    a. to 1.0; 1.0 to 4.0
    b. to 1.0; 0.0 to 4.0
    c. to 3.0; 1.0 to 2.0
    d. to 4.0; 0.0 to 1.0

11. An effective information system collects, codes, stores, synthesizes, and __________ information in such a manner that it answers important operating and strategic questions.
    a. Prints
    b. Distributes
    c. Presents
    d. Filters

CHAPTER FIVE
Strategies in Action

12. __________ is adding new, unrelated products or services for present customers.
    a. Concentric diversification
    b. Horizontal diversification
    c. Conglomerate diversification
    d. Product development

13. Two reasons for mergers and acquisitions are
    a. to increase managerial staff and to minimize economies of scale.
    b. to reduce tax obligations and increase managerial staff.
    c. to create seasonal trends in sales and to make better use of a new sales force.
    d. to provide improved capacity utilization and to gain new technology.

14. Which strategy would be effective when the new products have a counter cyclical sales pattern compared to an organization's present products?
a. Forward integration  
b. Retrenchment  
c. Horizontal diversification  
d. Market penetration

CHAPTER SIX
Strategy Analysis & Choice

15. A coordinate of __________ in the SPACE Matrix is a defensive profile.
   a. +1, +1  
   b. -4, -2  
   c. +5, -1  
   d. -2, +3

16. The first option that should be considered for firms in Quadrant II of the Grand Strategy Matrix is the __________ strategy.
   a. integration  
   b. intensive  
   c. defensive  
   d. diversification

17. The pie slices within the circles of a __________ reveal the percent of corporate profits contributed by each division.
   a. QSPM  
   b. BCG Matrix  
   c. SPACE Matrix  
   d. Grand Strategy Matrix

CHAPTER SEVEN
Implementing Strategies: Management Issues

18. All of the following are stated advantages of a divisional structure except
   a. it allows local control of local situations.  
   b. it leads to a competitive climate within a firm.  
   c. accountability is clear.  
   d. it promotes specialization of labor.

19. The average employee performance bonus is __________ percent of pay for individual performance, __________ percent of pay for group productivity, and __________ percent of pay for company-wide profitability.
   a. 10.5; 5.5; 2.8  
   b. 6.8; 5.5; 6.4  
   c. 10.8; 8.5; 12.4  
   d. 15.4; 12.4; 10.4

20. __________ approach involves delivering parts and materials as needed rather than being stockpiled
   a. JIT  
   b. MBO  
   c. PERT  
   d. CAD-CAM
PART B: ESSAY

Discussion on the applied concepts in Strategic Management of Nokia Company

I. REVIEW OF NOKIA COMPANY

I.1 GENERATION OF NOKIA

Nokia’s first century: 1865-1967

From roots in paper, rubber, and cables, in just over 100 years Nokia becomes a powerful industrial conglomerate.

The first Nokia century began with Fredrik Idestam’s paper mill on the banks of the Nokianvirta river. Between 1865 and 1967, the company would become a major industrial force; but it took a merger with a cable company and a rubber firm to set the new Nokia Corporation on the path to electronics.

The move to mobile: 1968-1991

The newly formed Nokia Corporation was ideally positioned for a pioneering role in the early evolution of mobile communications. As European telecommunications markets were deregulated and mobile networks became global, Nokia led the way with some iconic products.


As mobile phone use booms, Nokia makes the sector its core business. By the turn of the century, the company is the world leader. In 1992, Nokia decided to focus on its telecommunications business. This was probably the most important strategic decision in its history.

As adoption of the GSM standard grew, new CEO Jorma Ollila put Nokia at the head of the mobile telephone industry’s global boom – and made it the world leader before the end of the decade.

Nokia now: 2000-today

Nokia sells its billionth mobile phone as the third generation of mobile technology emerges. Nokia’s story continues with 3G, mobile multiplayer gaming, multimedia devices and a look to the future.

I.2. ORGANIZATIONAL STRUCTURE OF NOKIA

Nokia’s organizational structure is designed to position them for a world where the mobile device, the Internet and the computer are fusing together.
Mobile Solutions is responsible for developing and managing our portfolio of smartphones and mobile computers. The team is also busy developing a world-class suite of internet services under the Ovi brand, with a strong focus on maps and navigation, music, messaging and media.

Mobile Phones is responsible for developing and managing our portfolio of affordable mobile phones, as well as a range of services that people can access with them.

Markets manage our supply chains, sales channels, brand and marketing activities, and is responsible for delivering our mobile solutions and mobile phones to the market.

Nokia Siemens Networks, jointly owned by Nokia and Siemens, provides wireless and fixed network infrastructure, communications and networks service platforms, as well as professional services to operators and service providers.

NAVTEQ is a leading provider of comprehensive digital map data and related location-based content and services for automotive navigation systems, mobile navigation devices, Internet-based mapping applications, and government and business solutions.

II. DISCUSSION ON THE APPLIED CONCEPTS

IN STRATEGIC MANAGEMENT OF NOKIA

The concept of strategic management is refers to (1) Strategy Formulation, (2) Strategy Implementation and (3) Strategy Evaluation.

The limitation of discussion now is discussed only on strategic formulation: Nokia’s vision of the future, mission, goals, and strategies.

II.1. VISION OF NOKIA

The Nokia’s vision statement is connecting people to what matters empowers them to make the most of every moment. Nokia will therefore empower everyone to share and make the most of their life by offering irresistible personal experiences. Nokia want to become the leading provider of mobile solutions.

The full power of being connected: By 2015, all people will experience the full power of being connected everywhere anytime.
Enable people to be wherever they want, whenever they want: Highly personalized and contextually relevant solutions become passports that take us wherever we want or need to be, whenever we want or need to be there.

Life becomes more flexible and spontaneous: Freed from the physical constraints of time and place, our lives become vastly more experiential, flexible and spontaneous.

Innovating, creating and sharing: Innovating, creating and sharing are social activities where everyone plays. Co-creation is limited only by the willingness to participate.

Technology becomes invisible: Technology becomes invisible, technical literacy becomes irrelevant, and intuition takes over.

Nokia never miss an opportunity to get the most out of life: Nokia never miss an opportunity to get the most out of life thanks to ubiquitous connectivity and combinations of mobile devices and services that learn and anticipate our personal wants and needs. Like personal assistants sensing where we are, they point and lead us to what’s available and relevant.

II.2. MISSION OF NOKIA

Nokia’s mission of connecting people is more than just an advertising buzz phrase. It describes what we do. It says what benefits we bring to our operator and enterprise customers, to consumers and to society. It says who we are and what we represent. It is our compass; we use it to drive our business forward and to deliver value to our customers.

As people have different priorities, Nokia offers a wide range of opportunities and the flexibility to make sure that they are accessible. The recognition of achievement through a mix of individual, team and company-wide incentives is one aspect. However, equally important is the support given to personnel in finding a balance between work and free time, as well as the creation of opportunities for personal and professional growth.

Ultimately, the most important thing in the workplace is that people can feel motivated, valued and comfortable. Through the Nokia Values: customer satisfaction, achievement, respect and renewal, we aim to create such an atmosphere, where people can be themselves and excel at what they do. Our values also help us establish a firm base from which we can research, create and deliver the quality products and services our customers want, while building a corporate image, with which our stakeholders are proud to be connected.

Today, Nokia is a world leader in mobile communications, contributing to the growth and sustainability of the broader mobility industry. Nokia is dedicated to enhancing people’s lives and productivity by providing easy-to-use products like mobile phones and solutions for
imaging, games, media, mobile network operators and businesses. Today, Nokia comprises four business groups: Mobile Phones, Multimedia, Enterprise Solutions, and Networks.

With approximately one in every third mobile phone in use made by Nokia, our operations influence the lives of hundreds of millions of people; as customers, employees, business partners and investors. As market leader with global operations, Nokia takes its responsibility seriously and has many established practices and programs to help make sure our overall impact is positive.

Mobile communications is already an established force for positive change, driving economic development and improving social wellbeing. It gives people a voice, helps them build personal and professional networks, and provides a base for more widespread information sharing. We aim to increase the penetration of mobile phones in countries where basic communications infrastructure is sparse or non-existent. Nokia is working closely with operator customers and governments to offer affordable mobile entry products and solutions to a broader cross-section of society, in a way that is financially viable.

Discussion on Nokia's missions: Looking to the missions above, it indicates that Nokia Company has applied the right concept in strategic management to develop its mission statement corresponding to the nine components.

1. Customers: Nokia’s customers are people around the world, “…Nokia offers a wide range of opportunities and the flexibility to make sure that they are accessible…”

2. Product and Services: “…Nokia comprises four business groups: Mobile Phones, Multimedia, Enterprise Solutions, and Networks…”

3. Markets: “…is a global operation market…”

4. Technology: Nokia applies with high mobile and communication technology.

5. Concern for survival, growth, and profitability: “…contributing to the growth and sustainability of the broader mobility industry…”

6. Philosophy: Nokia beliefs, “…Connecting people to what matters empowers them to make the most of every moment…”

7. Self-concept: the major competitive advantage is, “…Seamless, delightful and effortless user experiences. Vibrant partner ecosystem, People and places enriched solutions, Direct and continuous consumer relationships, and Regain market position in all markets…”

8. Concern for public image: “…established force for positive change, driving economic development and improving social wellbeing…”

9. Concern for employee: “…the most important thing in the workplace is that people can feel motivated, valued and comfortable…”
II.3. GOALS OF NOKIA

To become the leading provider of mobile solutions, because in the mobile converged internet space consumers expect seamlessly integrated solutions.

To deliver these solutions requires continuous relationships with consumers and vibrant ecosystem.

II.4. STRATEGIES OF NOKIA

Strategy1: Competitive environment is changing – traditional competitors making an effort to increase their volume share in the low end. As the mobile telecom, Internet and PC industries converge, the industry ecosystem is expanding, and new entrants like Apple, RIM & Google are creating value with mobile solutions.

Strategy2: Consumer needs are changing – voice and design driven devices business continues to be important and volume growth will resume. Innovative mobile solutions are delivering significant new value for many consumers.

Strategy3: The nature of consumers’ relationships with companies is changing – from a monologue to a conversation … into continuous relationship. From a unified to a segmented … into a dynamic personalized offering together with their ecosystem.

Strategy4: Irresistible solutions & vibrant ecosystem – starting from a consumer need or want, radically improve the user experience, co-creating value with developers, operators, partners by building and open ecosystem.

Strategy5: Transforming into a solutions driven company optimizing user experience.

Strategy6: Laying the foundation for an inclusive and sustainable ecosystem – a sustainable ecosystem where Nokia services will be only one part of the offering 99% comes from others.

Strategy7: Direct and continuous consumer relationships – Nokia devices strive to initiate all consumers to the rich world of services, consumer understanding to maximize Nokia’s value to the consumer, privacy & trust (permission-based), 300M active users by end 2011.

Strategy8: Best devices – three device areas with different ways to create and capture value (computers, smart phones, phones).

Strategy9: Smart services – focus on four interconnected services under the Ovi brand, differentiation through context enriched services – people and places.
II.5. STRATEGIES EVOLUTION OF NOKIA

III. CONCLUSION

According to the discussion above, Nokia is a company that well understanding the nature of strategy formulation, implementation and evaluation activities. Specially, Nokia has accurately applied the concepts of strategic management in its strategy formulation. It has clear vision statement, a good mission corresponding to the nine components, objectives that stated clearly about what results to accomplish by when, and strongly strategies that plan to achieve the mission and objectives.

Moreover, Nokia Company has program activities needed to accomplish its plan, cost of the program, and the procedure – sequence of steps needed to do the job in strategy implementation as well as the process to monitor performance and take corrective action.

IV. REFERENCES

2. Dr. V.V.R. Seshu Babu, *Strategic Management hand out, 2010*, BBU, Phnom Penh