

FACULTY OF BUSINESS ADMINISTRATION AND ECONOMICS
DEPARTMENT OF MARKETING AND MANAGEMENT
FUNDAMENTALS OF MANAGEMENT (BAD 201)
EXAM I – FALL 2007

Student Name: _____

INSTRUCTOR:

Time: 60 minutes

Sections: A – B – C – D – E – F – G – H

PART I/STATE WHETHER THE FOLLOWING STATEMENTS ARE TRUE OR FALSE(35%)

- 1-1. Managers need to establish trust and credibility with their subordinates, peers, and bosses before they can influence them. **T**
- 1-2. Conceptual skills are the foundation for strategizing and organizing.
- 1-3. The demand for technical skills diminishes as a manager is promoted up the management hierarchy.
- 1-4. It's not important as a manager to lead by example, since in any case employees must do what the manager says.
- 1-5. The external environment constitutes everything outside a firm that might affect the ability of the enterprise to attain its goals.
- 1-6. Lower-level managers use planning to develop overall strategies for an organization.
- 1-7. Strategizing involves thinking about how changes in the external environment impact the organization.
- 1-8. Managers are only found at the very top levels of an organization.
- 1-9. Frontline managers manage employees who are themselves not managers.
- 1-10. The most demanding issues that managers encounter in their first year on the job are "people challenges."
- 1-11. The bargaining power of buyers is a component of the five forces model.
- 1-12. Wal-Mart is a powerful buyer because it purchases in great quantities.
- 1-13. Political and legal forces are part of the general environment of the enterprise.
- 1-14. Demographic forces present managers with opportunities and threats and can have major implications for an organization.
- 1-15. Tactical plans outline the action managers adopt over the long term.
- 1-16. Plans for attaining a one-time goal are called single-use plans.
- 1-17. When Boeing moved its corporate headquarters from Seattle, WA to Chicago, IL it moved over 330 employees and used a standing plan to do it.
- 1-18. The vision of an organization describes its purpose.
- 1-19. One example of cognitive bias is escalating commitment.
- 1-20. Human capital is the basic pattern of values and assumptions shared by employees within an organization.
- 1-21. Tangible resources include brand names, the reputation of the company and patents.
- 1-22. Elements of the internal environment can be either a strength or a weakness.

- 1-23. A plan is not a control mechanism.
- 1-24. Operating strategy is concerned with the actions that should be taken at the level of individual functions, such as production, logistics, R & D, and sales, to support business-level strategy.
- 1-25. Razor blade pricing was pioneered by razor manufacturer Gillette.
- 1-26. Product proliferation is an entry-detering tactic.
- 1-27. Vertical integration means acquiring companies that are in the same business at the same level as the acquiring firm.
- 1-28. Diversification involves entry into new business areas.
- 1-29. Groupthink occurs when a group of decision makers embarks on a course of action by questioning underlying assumptions.
- 1-30. One of the ways to improve the planning process is to use scenario planning.
- 1-31. Competitive advantage comes from the ability of a firm to lower costs relative to rivals.
- 1-32. Since differentiating products costs the enterprise more, it will never be able to outperform its rivals.
- 1-33. A sustainable competitive advantage arises from a distinctive competency that rivals can easily match or imitate.
- 1-34. Patents, trademarks, and copyrights are barriers to imitation.
- 1-35. When managers decide to serve a limited number of segments, or just one segment, they are pursuing a narrow strategy.
- 1-36. Support activities provide inputs that allow activities such as production and marketing to occur.

PART II – CIRCLE THE MOST APPROPRIATE ANSWER (35%)

- 1. Interpersonal managerial roles involve:
 - A. collecting information from sources both inside and outside the organization.
 - B. interacting with other people inside and outside the organization.
 - C. making decisions and ensuring that those decisions are put into action.
 - D. working alone on the organization's vision so that it can be implemented by people in the organization.
- 2. The internal environment includes:
 - A. suppliers.
 - B. buyers.
 - C. employees.
 - D. customers.
- 3. Which of the following is NOT included in "organizing" as a part of management?
 - A. choosing goals
 - B. deciding who within the organization will perform what tasks
 - C. deciding where decisions will be made
 - D. choosing who reports to whom

4. A manager that has the ability to "see the big picture" is said to have:
- A. conceptual managerial skills.
 - B. technical managerial skills.
 - C. motivational competencies.
 - D. human motivation.
5. _____ outline how managers and employees should conduct themselves and how they should do business.
- A. Missions
 - B. Visions
 - C. Goals
 - D. Values
6. Strategy concerned with the actions that should be taken at the level of individual functions, such as production, logistics, R & D, and sales, to support business-level strategy is called:
- A. tactical strategy.
 - B. unit strategy.
 - C. operating strategy.
 - D. corporate-level strategy.
7. If an industry's products have few close substitutes, then other things being equal, firms in the industry have the:
- A. threat of increased competition.
 - B. threat of increased government legislation.
 - C. opportunity to reduce prices and earn additional profits.
 - D. opportunity to increase prices and earn additional profits.
8. If a firm has lower costs than its rivals, other things being equal it will:
- A. outperform its rivals.
 - B. charge lower prices than its rivals.
 - C. increase its profits faster than its rivals.
 - D. likely be able to do any of the above.
9. Managers who are successful at negotiating can:
- A. lower input costs.
 - B. strike better deals with customers.
 - C. better organize their own subordinates.
 - D. do all of the above.

10. Shared values in an organization are important because:
- A. they create a sense of collective purpose.
 - B. loyalty and satisfaction are increased.
 - C. then employee actions are more likely to be consistent with an organization's objectives.
 - D. of all of the above reasons.
11. Which of the following is true of good managers?
- A. Managers can transform organizations.
 - B. Managers keep the organization steady by doing things the same way all the time.
 - C. Managers make sure that ordinary people don't accomplish more than they can handle.
 - D. Managers cannot change the world.
12. Cost advantages derived from a large sales volume are called economies of:
- A. scope.
 - B. location.
 - C. scale.
 - D. density.
13. A _____ is the advantage obtained when a firm outperforms its rivals.
- A. competitive advantage
 - B. differentiated advantage
 - C. legacy advantage
 - D. broad advantage
14. _____ comes from two sources: the ability of a firm to lower costs relative to rivals as well as the ability to differentiate its product offering from that of rivals.
- A. Differentiation
 - B. Competitive advantage
 - C. Legacy constraints
 - D. The efficiency frontier
15. The best way of dealing with a crisis is to:
- A. prevent it from happening.
 - B. have expert fire and rescue teams on hand.
 - C. be sure the people involved are well taken care of.
 - D. avoid the news media.

16. The bargaining power of an enterprise over its suppliers is greater if:
- A. the firm purchases in large quantities.
 - B. the firm can choose between multiple suppliers.
 - C. the costs of switching between suppliers is low.
 - D. any of the above is true.
17. When excess demand exists for an industry's production:
- A. prices will trend lower.
 - B. firms will compete vigorously for enough sales volume to use their capacity.
 - C. prices will be bid up by consumers.
 - D. industry rivalry will be intense.
18. Which of the following firms is in an industry with high barriers to entry?
- A. a retail sporting goods store
 - B. a florist
 - C. a small-package-express company in the U.S.
 - D. a local restaurant
19. _____ arise(s) when it costs a buyer time, energy, and money to switch from a product offered by one enterprise to that offered by another.
- A. Switching power
 - B. Changing costs
 - C. Changing power
 - D. Switching costs
20. A plan that outlines the major goals of an organization and the organization wide strategies for attaining those goals is called a:
- A. tactical plan.
 - B. unit plan.
 - C. operating plan.
 - D. strategic plan.
21. Plans that address unique events that do not reoccur are called:
- A. standing plans.
 - B. strategic plans.
 - C. single-use plans.
 - D. operating plans.

34. As a figurehead, a manager will do which of the following?
- A. represent the company at community events
 - B. articulate a strategic vision for the organization
 - C. scan the environment
 - D. deliver specific information to individuals and groups located outside their department or organization
35. The process of motivating, influencing, and directing others in the organization to work productively in pursuit of organization goals is called:
- A. planning.
 - B. organizing.
 - C. controlling.
 - D. leading.
36. When the dollar falls against the euro this creates a U.S. firm:
- A. strength.
 - B. weakness.
 - C. opportunity.
 - D. threat.



THE DEBATE CLUB

PART III – CASE SCENARIOS (15%)

1. MTV CEO Judy McGrath is faced with remaking her TV empire, as more of the younger target audience moves to podcasting and streaming video. To continue the success of 25-year-old MTV, McGrath will need to continue looking for the next new trend. A friend suggests McGrath listens and accepts good ideas, regardless of where they come from. McGrath says if she has been "smart or lucky at one thing it has been picking good people." This suggests that one key to her success has been:

- A. planning.
- B. organizing.
- C. controlling.
- D. leading and developing.

2. Alpha products produces widgets in China, though the firm is based in the U.S. Engineers from the home office traveled to China to discuss production options with the Chinese. The Chinese had several suggestions stemming from their continued practice in producing the widgets for Alpha. The U.S. engineers then brought back the Chinese ideas to the home office and plan to incorporate them in the production process to be used in a new plant opening in Mexico. This is an example of:

- A. diversification.
- B. global learning.
- C. scope economies.
- D. superior internal governance.

3. John was an introvert, which served him well as he was an outstanding technical writer. Because of his writing abilities, his boss decided to promote him. At the beginning John was quite excited about the promotion because he believed that he would be able to devote even more time to technical writing since he could order his subordinates to complete certain tasks for him. He believed that managers could use their formal authority to get things done and that actually, the people who worked for him would know what to do since they were all quite bright. He closed himself in his office to write and sent memos to his staff when he needed something done to advance his own writing. Three months later he was demoted. Given the scenario above, why was John most likely demoted?

- A. solely because he was an introvert
- B. because he did not follow through on agenda setting for his team and network building within the organization
- C. because he did not devote enough time to technical writing
- D. solely because he ordered his subordinates to complete certain tasks

4. Carla owns a small chain of card shops and is currently speaking with one of her landlords about renewing a lease. She would like to have new air conditioning installed and is willing to pay a small amount more each month for that. Her landlord seems open to the idea but wants more information from Carla. The landlord at first proposed additional rent without the air conditioning. After getting off the phone with the landlord, she finds that one of only two staff members in one of the stores is ill and needs to go home so she calls a replacement and offers to take the sick employee's place until the replacement can arrive. Carla is assuming:

- A. the roles of figurehead and disturbance handler.
- B. the roles of negotiator and disseminator.
- C. the roles of interpersonal and informational.
- D. decisional managerial roles.

5. You are about to graduate from college and have decided you would like to enter the travel business with your own travel agency, specializing in air travel. Demand for air travel seems to be on the rebound after the September 11 attacks. You have found a perfect place for your agency in a suburban shopping center and are about to sign the lease. There are no other agencies in the shopping center. Your best friend, who has made an extensive study of Porter's five forces in her college career, tells you not to proceed with your venture because she fears you will not be successful. What is the most likely reason for her advice based on Porter's model?

- A. She believes buyers of air travel are too powerful because they can choose from any airline.
- B. She feels since buyers can use online sites to purchase tickets the availability of substitutes will substantially decrease demand for the agency's services.
- C. She thinks it is likely that other travel agencies will sign leases in the same shopping center.
- D. She does not feel there is a substantial amount of complements.