

WGU

Principles-of-Management-IAC1

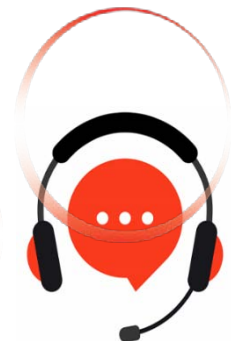
WGU Principles of Management at Western Governors University (IAC1) Exam

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Question: 1

What describes a value chain? Choose 1 answer

- A. It is the internal strengths and weaknesses of an organization.
- B. It flows from raw materials to the delivery of products or services.
- C. It creates a focus for organizational downsizing.
- D. It allows an organization to manage diversity in multiple markets.

Answer: B

Explanation:

The value chain describes the full range of activities that businesses go through to bring a product or service from conception to delivery and beyond. The concept was popularized by Michael Porter in his 1985 book "Competitive Advantage: Creating and Sustaining Superior Performance."

Definition and Scope: A value chain encompasses all the processes involved in the creation of a product or service. This includes:

Sourcing raw materials.

Production processes.

Marketing and sales.

Distribution and delivery.

Customer service post-delivery.

Primary Activities:

Inbound Logistics: Receiving, storing, and disseminating inputs of the product.

Operations: Transforming inputs into the final product.

Outbound Logistics: Collecting, storing, and distributing the product to customers.

Marketing and Sales: Persuading customers to purchase the product.

Services: Activities that maintain and enhance the product's value, such as customer service.

Support Activities:

Procurement: Acquiring the resources a company needs to operate.

Technology Development: Research and development, IT, automation, etc.

Human Resource Management: Recruiting, hiring, training, and retaining workers.

Firm Infrastructure: Organizational structure, control systems, company culture, etc.

Example of Value Chain: The textbook provides an example of Walmart's value chain to illustrate how a company adds value at each step of the process, from procurement to delivery .

Importance: Understanding and optimizing the value chain allows companies to identify where they can add value, reduce costs, and gain competitive advantage. Companies can use this analysis to find opportunities for improvement, innovation, and efficiency in their processes.

Question: 2

What is a clear and concise statement of the basic purpose of an organization? Choose 1 answer

- A. Its vision
- B. Its objective
- C. Its mission
- D. Its goal

Answer: C

Explanation:

A clear and concise statement of the basic purpose of an organization is its mission. A mission statement provides a broad description of how the organization intends to achieve its vision. It specifies the organization's reason for being and answers the question, "What business(es) should we undertake?" . In the textbook "Principles of Management," a mission statement is defined as a broad description of how a firm will try to make its vision a reality, often describing the products and services the company plans to offer and the customers it plans to serve . This differentiates it from a vision statement, which is more general and focuses on what the business aspires to become in the future.

Question: 3

What is the purpose of a value chain analysis? Choose 1 answer

- A. To determine company stockholder satisfaction
- B. To allow the company to implement an intranet and develop automated processes
- C. To allow the company to use a systematic approach in developing a competitive advantage
- D. To help the company determine its commitment to ethics and social responsibility

Answer: C

Explanation:

The purpose of value chain analysis is to enable a company to understand the various activities involved in producing and delivering a product or service and to identify opportunities to gain a competitive advantage. The concept of the value chain was introduced by Michael Porter and involves examining all activities a firm performs and how they interact to create a competitive advantage.

Definition and Purpose:

A value chain describes the series of activities that an organization carries out to create value for its customers.

The primary purpose is to systematically identify and analyze these activities to understand where value is added to the final product or service, which can then be leveraged to gain a competitive advantage .

Components of Value Chain:

Primary Activities: These include inbound logistics, operations, outbound logistics, marketing and sales, and services. Each of these activities adds value directly to the production and delivery of the product.

Support Activities: These include procurement, technology development, human resource management, and firm infrastructure. These activities support the primary activities and add value indirectly .

Systematic Approach:

By analyzing each activity in the value chain, a firm can identify areas where efficiencies can be improved or where innovation can be introduced.

This systematic approach helps the firm to focus on optimizing these activities to reduce costs, improve quality, and differentiate its products from competitors, thus developing a competitive advantage .

In summary, value chain analysis allows a company to use a systematic approach in developing a competitive advantage by identifying and optimizing the activities that create value .

Question: 4

What is the last step in strategic planning? Choose 1 answer

- A. Goal setting
- B. Strategy formulation
- C. Strategic control
- D. SWOT analysis

Answer: C

Explanation:

The last step in the strategic planning process is strategic control. This involves monitoring and evaluating the execution of the strategic plan to ensure that the organization is achieving its objectives and making necessary adjustments.

Strategic Management Process:

The strategic management process includes developing the firm's vision and mission, strategic analysis, setting objectives, creating and implementing strategies, and finally, measuring and evaluating performance.

Strategic control is the step where managers assess whether the strategies and plans are being effectively implemented and whether they are leading the organization towards its goals .

Purpose of Strategic Control:

It ensures that the organization is moving in the right direction and that the strategic plans are yielding the desired outcomes.

It involves setting performance standards, measuring actual performance, comparing it with the standards, and taking corrective actions if necessary .

Components of Strategic Control:

Performance Measurement: This involves tracking the progress of strategy implementation through key performance indicators (KPIs).

Feedback and Adjustment: Based on performance data, managers provide feedback and make adjustments to strategies to address any deviations from the planned objectives .

Question: 5

What is the main focus of SWOT analysis? Choose 1 answer

- A. Establishing a factory's production rate and quality standards
- B. Uncovering an organization's strengths and weaknesses
- C. Determining a company's corporate structure and management style
- D. Developing a business's mission and vision statements

Answer: B

Explanation:

The main focus of SWOT analysis is to uncover an organization's strengths and weaknesses, along with identifying opportunities and threats. SWOT, which stands for Strengths, Weaknesses, Opportunities, and Threats, is a strategic tool used to understand the internal capabilities and external possibilities and risks facing an organization. This analysis helps in identifying what the organization does well and where it may need improvement, thus forming a basis for strategic planning .

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