

Questions Chapter 1
The Nature of Strategic Management

True/False Questions

Question title	Question stem	Choice	Difficulty 1 Easy 2 Medium 3 Hard	Reference	Topic
TF01.01	The implementation of Medicare's prospective payment system in 1983 initiated dramatic changes in the health care industry.	T	1	Managing a Dynamic Environment	Change
TF01.02	Management rather than leadership is required to deal with rapid, complex, and discontinuous change.	F	1	Managing a Dynamic Environment	Leadership
TF01.03	The objective of long-range planning is to predict for some specified time in the future the size of demand for an organization's products and services and to determine where demand will occur.	T	2	Long-Range Planning to Strategic Planning	Long-range planning
TF01.04	Strategies are long range in nature and thus, the time span is the principal focus of strategic planning.	F	1	Long-Range Planning to Strategic Planning	Strategy, strategic planning
TF01.05	Many of the management methods adopted by health care organizations originated in the business sector.	T	1	Strategic Management in the Health Care Industry	Management techniques
TF01.06	"Strategic thinking maps" are designed to initiate strategic thinking and strategic planning.	T	1	Combining the Analytical and Emergent Views	Strategic thinking
TF01.07	In order to effectively deal with a complex situation, the leader must redouble efforts to become involved with every detail of the situation.	F	3	Strategic Thinking	Leadership
TF01.08	Strategic thinking is an individual intellectual process, a mindset, or method of intellectual analysis that asks people to position themselves as leaders and see the "big picture."	T	1	Strategic Thinking	Strategic thinking
TF01.09	Strategic thinkers examine assumptions, understand systems and their interrelationships, and develop alternative scenarios of the future.	T	1	Strategic Thinking	Strategic thinking
TF01.10	Strategic planning is the periodic process of developing a set of steps for an organization to accomplish its mission and vision using strategic thinking.	T	1	Strategic Planning	Strategic planning

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TF01.11	As a decision-making activity, strategic planning is based solely on quantitative data.	F	2	Strategic Planning	Strategic planning
TF01.12	Analyzing and understanding the situation is accomplished by three separate strategic thinking activities: (1) external environmental analysis; (2) internal environmental analysis; and (3) the development or refinement of the organization's directional strategies.	T	1	Strategic Planning	Strategic thinking
TF01.13	Strategy is driven by a common mission, common vision, and common set of organizational values and goals – the directional strategies.	T	1	Strategic Planning	Strategy
TF01.14	Developing implementation plans is not an essential part of strategic planning.	F	1	Strategic Planning	Strategy, implementation
TF01.15	Decision making is expedited and consensus more easily reached when everyone in the organization is involved in the strategic planning process.	F	2	Strategic Planning	Strategic planning process
TF01.16	Managing strategic momentum concerns the day-to-day activities of managing the strategy to achieve the strategic goals of the organization.	T	2	Managing Strategic Momentum	Strategic plans, strategic momentum
TF01.17	Managing strategic momentum is how an organization constructively manages change, evaluates strategy, and reinvents or renews the organization.	T	2	Managing Strategic Momentum	Strategic plans, strategic momentum, managing change
TF01.18	Much of the legitimate work in an organization does not contribute to the accomplishment of the strategic plan.	F	2	Managing Strategic Momentum	Strategic planning, implementation
TF01.19	Strategic management is a unique perspective that requires everyone in the organization to cease thinking solely in terms of internal operations and their own operational responsibilities. It insists that everyone adopt what may be a fundamentally new attitude – an external orientation and a concern for the big picture.	T	1	The Benefits of Strategic Management	Strategic management
TF01.20	Strategic management is a technique that will provide a “quick fix” for an organization that has fundamental problems.	F	1	What Strategic Management is Not	Strategic management
TF01.21	Strategic management is demonstrated in an organization if it has evolved into a process of filling in endless forms, meeting deadlines, drawing milestone charts, or changing the dates of last year's goals and plans.	F	1	What Strategic Management is Not	Strategic management

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TF01.22	The use of the systems approach requires strategic managers to define the organization in broad terms and to identify the important variables and interrelationships that will affect decisions.	T	2	A Systems Perspective	Systems approach, systems thinking
TF01.23	Unit operational strategies may be developed within departments of an organization such as clinical operations, marketing, finance, information systems, human resources, and so on.	T	2	The Level and Orientation of the Strategy	Unit-level strategy
TF01.24	Corporate-level strategies address the question: "What business(es) should we be in?" Such strategies consider multiple, sometimes unrelated, markets and typically are based on return on investment, market share or potential market share, and system integration.	T	2	The Level and Orientation of the Strategy	Corporate-level strategy
TF01.25	Strategy development has never been primarily a staff activity.	F	1	Leadership Roles throughout the Organization	Strategy development, leadership

Multiple Choice Questions

Question title	Question stem	Selections	Choice	Difficulty 1 Easy 2 Medium 3 Hard	Reference	Topic
MC01.01	Strategic thinking is:	a- An organizational-level activity. b- An individual intellectual process. c- An element of long-range planning. d- Not needed to capitalize on change.	b	2	Strategic Thinking	Strategic thinking
MC01.02	The result of the strategic planning process is:	a- More luck than the result of a thoughtful process. b- Strategic thinking. c- A formal document of at least 10 pages. d- A plan or strategy.	d	1	Strategic Planning	Strategy
MC01.03	Health policy	a- Is a very broad strategy. b- Is the result of strategic thinking, strategic planning, and strategic management. c- Determines the rules of the game that apply to all consumers and providers in the field. d- Does not involve governmental activity.	c	2	Strategic Management versus Health Policy Planning	Health policy
MC01.04	Strategic planning for organizations is typically:	a- The sole province of the chief executive officer (CEO). b- The work of the strategic planning department. c- Something that requires consultants to be successful. d- A group process.	d	1	A Group Process of Key Players	Strategy planning
MC01.05	The three stages of strategic management are:	a- Plan, implement, and revise the plan. b- Leadership, professionalism, and management. c- Strategic thinking, strategic planning, and managing strategic momentum. d- Thinking, planning, and doing.	c	3	The Benefits of Strategic Management	Strategy management
MC01.06	Strategic management is NOT:	a- A "quick fix" for organizations with fundamental problems. b- A process of completing paperwork. c- A process of extending the organization's current activities into the future. d- All of the above.	d	1	What Strategic Management is Not	Strategic management

Question title	Question stem	Selections	Choice	Difficulty 1 Easy 2 Medium 3 Hard	Reference	Topic
MC01.07	The use of the systems approach requires strategic managers to:	<ul style="list-style-type: none"> a- Focus on short-term results. b- Define the organization in broad terms and identify the important variables and interrelationships that will affect decisions. c- Become leaders. d- View the organization as a set of mutually exclusive sets of work units with separate goals and objectives. 	b	1	A Systems Perspective	Systems, systems approach
MC01.08	A clear specification of organizational level and orientation determines:	<ul style="list-style-type: none"> a- The type and range of decision to be made in strategic planning. b- The quality of strategic thinking. c- Organizational success. d- The individual or organizational unit that is responsible for developing organizational strategy. 	a	1	The Level and Orientation of the Strategy	Organization structure
MC01.09	The dissolution of formal planning staffs is associated with:	<ul style="list-style-type: none"> a- The management theory termed "Theory Z." b- Systems thinking. c- The general decline in economic activity in the USA and Europe. d- Organizational learning that strategy development cannot take place in relative isolation. 	d	2	Leadership Roles throughout the Organization	Organizational design, leadership
MC01.10	An organization may create a new, unintended strategy by:	<ul style="list-style-type: none"> a- Applying effective leadership. b- Rethinking the relationships among systems in the organization. c- Implementing the strategy created by its strategic planning process. d- Applying portfolio theory. 	c	3	Lessons for Health Care Managers	Strategy implementation

Short Essay Questions

Question title	Question stem	Rationale	Difficulty 1 Easy 2 Medium 3 Hard	Reference	Topic
SE01.01	Describe strategic management in the health care industry.	Strategic management concepts have been employed within health care organizations only in the past 25 to 30 years. Prior to this time, individual health care organizations had few incentives to employ strategic management because typically they were independent, freestanding, not-for-profit institutions, and health services reimbursement was on a cost-plus basis. In many respects health care has become a complex business using many of the same processes and much of the same language as the most sophisticated business corporations. Certainly, in the late 1980s and 1990s many health care organizations had much to learn from strategically managed businesses. As a result, many of the management methods adopted by health care organizations, both public and private, initially were developed in the business sector.	2	Strategic Management in the Health Care Industry	Strategic management
SE01.02	Define the major activities of strategic management.	The major activities of strategic management are: (1) strategic thinking, (2) strategic planning, and (3) strategic management. Strategic thinking is an individual intellectual process, a mindset, or method of intellectual analysis that asks people to position themselves as leaders and see the "big picture." Strategic planning is the periodic process of developing a set of steps for an organization to accomplish its mission and vision using strategic thinking. Strategic management is the actual work to accomplish specific objectives.	2	The Dimensions of Strategic Management	Strategic thinking, strategic planning, strategic management
SE01.03	Why is managing strategic momentum important?	Managing strategic momentum: is the actual work to accomplish specific objectives, concerns decision-making processes and their consequences, provides the style and culture, evaluates strategy performance, is a learning process, and relies on and initiates new strategic thinking and new periodic strategic planning.	2	Managing Strategic Momentum	Strategic management, strategic planning

Question title	Question stem	Rationale	Difficulty 1 Easy 2 Medium 3 Hard	Reference	Topic
SE01.04	Explain the role of leadership in strategy development.	Strategic decision making for health care organizations is the responsibility of top management. The CEO is a strategic manager with the pre-eminent responsibility for positioning the organization for the future. The leader must be able to inspire, organize, and implement effective pursuit of a vision and maintain it even when sacrifices are required. As a result, the leader must have an ability to identify what needs to be done today and what can wait. They prioritize constantly; aware that wars are lost by fighting on too many fronts. They know the key messages to communicate from day to day, from audience to audience. If the CEO does not fully understand or faithfully support strategic management, it will not happen.	2	The Importance of Leadership	Leadership, decision making, strategic management