## Applying the Concept Answers

**Applying the Concept 5-1: Objectives**

For each objective, state which “must” criterion is not met.

A. Single result

B. Specific

C. Measurable

D. Target date

**1. To be perceived as the highest quality hotel in the Tri-State by the end of 2020**

C. Measurable. How will you know if you are perceived as the best?

**2. To write objectives next week**

D. Target date. It is more effective to set a specific date than to give a time span.

**3. To double profits in Mexico**

D. Target date. By when will the objective be met?

**4. To sell 10% more nachos and 5% more beer at the hockey game on February 20, 2018**

A. Single result. The objective should contain only one product.

**5. To increase sales in 2020**

B. Specific. Sales are measured in the income statement, so the missing criteria is “By how much do you want to increase sales by--$1, $100, $1,000?

**Applying the Concept 5-2: Growth Strategies**

Identify the type of growth strategy described by each statement.

A. Concentration

B. Related diversification

C. Forward integration

D. Unrelated diversification

E. Backward integration

**6. PepsiCo’s Sprite soda buys lemon and lime groves.**

E. Backwards integration. Sprite is a manufacturer going backwards to supply its own lemon and limes to flavor its soda.

**7. Dell Computer starts making printers.**

B. Related diversification. Computers and printers are related product lines often sold together.

**8. Home Depot acquires a tool manufacturer to make its own brand name tools.**

E. Backward integration. This is going from retail back to manufacturing.

**9. Facebook buys Toys R US.**

D. Unrelated diversification. Retail toy stores are very different lines of businesses.

**10. Apple opens a new Apple Store in a mall.**

A. Concentration. This is growth within the same line of business.

**11. Tesla starts opening its own dealerships to sell its cars.**

C. Forward integration. This is going from manufacturing to retailing.

**12. New Age Diamond Mines starts to cut its stones into diamond shapes for jewelry.**

C. Forward integration. This is a raw material company going forward to manufacturing by cutting the stones to be sold to retail jewelry stores.

**13. Pizza Hut opens one of its fast-food restaurants in China.**

A. Concentration. Opening another Pizza Hut is staying in the same line of business.

**14. Netflix acquires a small upscale restaurant in New York.**

D. Unrelated diversification. Taxi rides and restaurants are not related products.

**15. Boeing buys the Johnson Custom Jets company.**

B. Related diversification. A large air craft maker buying a smaller size plane company is related.

**Applying the Concept 5-3: Adaptive Strategies**

Identify the type of strategy represented in each statement.

A. Prospecting

B. Defending

C. Analyzing

**16. Dell pioneers a laptop-powered computer that can be folded up to the size of a smartphone.**

A. Prospecting. As pioneers, Dell would be prospecting.

**17. Domino’s used this strategy after Pizza Hut started to copy delivering pizza.**

B. Defending. Domino’s Pizza tried to keep its customers.

**18. This is the primary strategy of Walmart in the saturated U.S. market as the number of dollar stores increased.**

B. Defending. Walmart tried to keep its customers.

**19. When McDonald’s came out with a new Angus Burger to compete with Burger King’s successful Angus Burgers, it was using this strategy.**

C. Analyzing. McDonald’s is following the lead of Burger King, who was the prospector.

**20. 7-Eleven expands globally by opening stores in Vietnam.**

A. Prospecting. Going to new markets is aggressive growth

**Applying the Concept 5-4: Identifying Plans**

Identify the type of plan exemplified by each statement.

A. Policy

B. Procedure

C. Rule

D. Program

E. Budget

**21. A helmet must be worm on the football field.**

C. Rule. It tells you specifically what to do.

**22. Forms for a leave of absence must be filled out, approved, and signed by the supervisor, and submitted to the HR office one month in advance of the planned leave.**

B. Procedure. It tells you how to proceed: (1) fill out the form, (2) have it approved and signed by the manager, and (3) submit it to the personnel office one month in advance of the effective date.

**23. We follow the “Humanics Philosophy” at Springfield College.**

A. Policy. This is a general guide. No information is given on how to implement the policy.

**24. We will make a driverless car within five years.**

D. Program. This was a set of activities intended to accomplish an objective of making a driverless car over a specified number of five years.

**25. Here is an Excel sheet describing how much I need to run my division next year?**

E. Budget. The statement requests a budget. Excel is commonly used for budgeting.