

Management, 10e (Robbins)
Chapter 7 Foundations of Planning

1) Planning is concerned with how objectives are to be accomplished, not what is to be accomplished.

Answer: FALSE

Diff: 1 Page Ref: 144

Topic: The What and Why of Planning

2) Planning provides direction to managers and nonmanagers alike.

Answer: TRUE

Diff: 1 Page Ref: 145

Topic: The What and Why of Planning

3) Even without planning, departments and individuals always work together, allowing organizations to move efficiently toward its goals.

Answer: FALSE

Diff: 2 Page Ref: 145

Topic: The What and Why of Planning

4) Research indicates that nonplanning organizations always outperform planning organizations.

Answer: FALSE

Diff: 2 Page Ref: 145

Topic: The What and Why of Planning

5) Goals are the foundation of organizational planning.

Answer: TRUE

Diff: 2 Page Ref: 146

Topic: Goals and Plans

6) Most businesses have only one objective: to make a profit.

Answer: FALSE

Diff: 1 Page Ref: 146

Topic: Goals and Plans

7) Most companies' goals can be classified as either strategic or financial.

Answer: TRUE

Diff: 2 Page Ref: 146

Topic: Goals and Plans

8) Goals and objectives are two terms used interchangeably in the planning process.

Answer: TRUE

Diff: 2 Page Ref: 146

Topic: Goals and Plans

9) Strategic goals are related to the financial performance of the organization.

Answer: FALSE

Diff: 2 Page Ref: 146

Topic: Goals and Plans

10) An organization's real goals are often quite irrelevant to what actually goes on.

Answer: FALSE

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Topic: Goals and Plans

11) Strategic plans can be categorized as long term, directional, and single use

Answer: TRUE

Diff: 1 Page Ref: 147

Topic: Goals and Plans

12) Operational plans encompass a particular operational area of the organization.

Answer: TRUE

Diff: 2 Page Ref: 147

Topic: Goals and Plans

13) Long term used to mean anything over three years, but now it means anything over one year.

Answer: FALSE

Diff: 1 Page Ref: 147

Topic: Goals and Plans

14) Short-term plans are those covering one year or less.

Answer: TRUE

Diff: 1 Page Ref: 147

Topic: Goals and Plans

15) Directional plans have clearly defined objectives.

Answer: FALSE

Diff: 2 Page Ref: 148

Topic: Goals and Plans

16) When uncertainty is high and managers must be flexible in order to respond to unexpected changes, directional plans are preferable.

Answer: TRUE

Diff: 2 Page Ref: 148

Topic: Goals and Plans

17) An integrated network of goals is sometimes called a means-end chain.

Answer: TRUE

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Topic: Setting Goals and Developing Plans

18) In MBO, or management by objectives, goals are often less well-defined, giving managers and employees more flexibility to respond to changing conditions.

Answer: FALSE

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

19) In a typical MBO program, successful achievement of objectives is reinforced by performance-based rewards.

Answer: TRUE

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

20) An MBO program consists of four elements: loose goals, participative decision making, an explicit time period, and performance feedback.

Answer: FALSE

Diff: 3 Page Ref: 150

Topic: Setting Goals and Developing Plans

21) Studies of actual MBO programs find mixed results in terms of its effects on overall employee performance and organizational productivity.

Answer: FALSE

Diff: 3 Page Ref: 150

Topic: Setting Goals and Developing Plans

22) In times of dynamic environmental change, well-defined and precisely developed action plans enhance organizational performance.

Answer: FALSE

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

23) A well-designed goal should be measurable and quantifiable.

Answer: TRUE

Diff: 1 Page Ref: 151

Topic: Setting Goals and Developing Plans

24) Goals that are too easy to accomplish are not motivating and neither are goals that are not attainable even with exceptional effort.

Answer: TRUE

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

25) The second step in goal setting is to determine the goals individually or with input from others.

Answer: FALSE

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

26) The more the current plans affect future commitments, the longer the time frame for which managers should plan.

Answer: TRUE

Diff: 3 Page Ref: 152

Topic: Setting Goals and Developing Plans

27) Planning is a waste of time in a volatile environment.

Answer: FALSE

Diff: 1 Page Ref: 151

Topic: Setting Goals and Developing Plans

28) A major argument against formal plans is that they can't replace intuition and creativity.

Answer: TRUE

Diff: 1 Page Ref: 153

Topic: Contemporary Issues in Planning

29) One criticism of planning is that it's not enough for managers just to plan.

Answer: TRUE

Diff: 2 Page Ref: 154

Topic: Contemporary Issues in Planning

30) In today's dynamic business environment, successful firms recognize that planning is an ongoing process, not a tablet of rules cast in stone.

Answer: TRUE

Diff: 2 Page Ref: 154

Topic: Contemporary Issues in Planning

31) Managers must be able to follow through with plans even if conditions change.

Answer: FALSE

Diff: 2 Page Ref: 154

Topic: Contemporary Issues in Planning

32) Effective planning in dynamic environments means flattening the organizational hierarchy.

Answer: TRUE

Diff: 2 Page Ref: 155

Topic: Contemporary Issues in Planning

33) Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans _____.

A) as to which shift will perform what work functions

B) to determine which manager will be in charge of which department

C) for organizational work activities

D) to establish the quality and quantity of work to be accomplished

Answer: C

Diff: 3 Page Ref: 144

Topic: The What and Why of Planning

34) In formal planning, _____.

A) specific goals covering a period of years are defined

B) specific goals are developed and not written

C) general goals are developed and not written

D) general goals covering an unspecified period of years are defined

Answer: A

Diff: 1 Page Ref: 144

Topic: The What and Why of Planning

35) Formal planning involves which of the following aspects?

- A) developing general objectives
- B) planning for up to one year
- C) writing objectives
- D) distributing the plan to all managerial employees

Answer: C

Diff: 2 Page Ref: 144

Topic: The What and Why of Planning

36) The effect of planning on managers is that it forces them to _____.

- A) react to change
- B) consider the impact of change
- C) respond indiscriminately
- D) develop bureaucratic response models

Answer: B

Diff: 2 Page Ref: 145

Topic: The What and Why of Planning

37) Planning can't eliminate change. Managers plan in order to _____.

- A) be prepared for when changes in management at the top occurs
- B) anticipate changes and develop the most effective response to changes
- C) decide what needs to be done when a change in environments happen
- D) have the appropriate materials available when the demand for them comes about

Answer: B

Diff: 2 Page Ref: 145

Topic: The What and Why of Planning

38) Planning gives direction, reduces the impact of change, minimizes waste and redundancy, and _____.

- A) establishes the workloads for each of the departments
- B) sets the basis used for promotion of individuals within the organization
- C) eliminates departments that are not needed within the plan
- D) sets the standards used in controlling

Answer: D

Diff: 2 Page Ref: 145

Topic: The What and Why of Planning

39) Studies of performance in organizations that plan have reached _____.

- A) somewhat negative conclusions regarding the benefits of planning
- B) generally mixed conclusions regarding the benefits of planning
- C) generally negative conclusions regarding the benefits of planning
- D) generally positive conclusions regarding the benefits of planning

Answer: D

Diff: 3 Page Ref: 145

Topic: The What and Why of Planning

40) The quality of the planning process and the appropriate implementation of the plans probably _____.

- A) don't contribute to high performance nearly as much as the extent of planning
- B) contribute more to high performance than does the extent of planning
- C) contribute less to high performance than does the extent of planning
- D) should be studied more to factually determine which contributes the most

Answer: B

Diff: 3 Page Ref: 145

Topic: The What and Why of Planning

41) In studies in which formal planning did not lead to higher performance, _____.

- A) the external environment often was the culprit
- B) management's execution of the plans was most often the reason for failure
- C) employees' implementation of the plans was the primary reason for failure
- D) lack of communication was most often the reason for failure

Answer: A

Diff: 2 Page Ref: 145

Topic: The What and Why of Planning

42) Governmental regulations, powerful labor unions, and other critical environmental forces constrain managers' options and _____ the impact of planning on an organization's performance.

- A) reduce
- B) increase
- C) neutralize
- D) don't affect

Answer: A

Diff: 3 Page Ref: 145

Topic: The What and Why of Planning

43) Planning is often called the primary management function because it _____.

- A) offers some basis for future decision making
- B) creates the vision for the organizational members to work toward
- C) establishes the basis for all the other functions
- D) sets the tone for the organizational culture

Answer: C

Diff: 3 Page Ref: 146

Topic: Goals and Plans

44) Planning involves two important elements: _____.

- A) goals and decisions
- B) goals and plans
- C) plans and decisions
- D) goals and actions

Answer: B

Diff: 2 Page Ref: 146

Topic: Goals and Plans

45) Goals are objectives, _____.
A) and we use the two terms interchangeably
B) but goals are long term, and objectives are short term
C) but goals are used by top management, and objectives are used by first-level management
D) but goals are used in reference to profits, and objectives are used in reference to production output

Answer: A

Diff: 1 Page Ref: 146

Topic: Goals and Plans

46) Plans are documents that outline how goals are going to be met and _____.
A) define which department has what responsibilities needed to accomplish the goals
B) tell what materials and processes are necessary to fulfill the goals
C) identify how much capital is required to complete the goals
D) describe resource allocations, schedules, and other necessary actions to accomplish the goals

Answer: D

Diff: 2 Page Ref: 146

Topic: Goals and Plans

47) _____ can evaluate whether an organization is successful.

- A) A goal is the only measure that
- B) No single measure
- C) Plans are also a measure that
- D) Stakeholders are the only groups that

Answer: B

Diff: 2 Page Ref: 146

Topic: Goals and Plans

48) When managers emphasize one goal, they _____.

- A) assure that the one goal will be accomplished even above the established level
- B) ignore other goals that must also be reached if long-term success is to be achieved
- C) make the goal easier to be accomplished by all organizational members
- D) deny the organizational members the opportunity to grow and develop

Answer: B

Diff: 3 Page Ref: 146

Topic: Goals and Plans

49) Using a single objective can result in unethical practices because managers _____.

- A) want to satisfy the stockholders of the organization
- B) will manipulate the outcomes reported to assure that the one objective is achieved
- C) will ignore other important parts of their jobs in order to look good on that one measure
- D) will use overtime to accomplish that single objective without reporting it

Answer: C

Diff: 3 Page Ref: 146

Topic: Goals and Plans

50) Official statements of what an organization says and what it wants its various stakeholders to believe are referred to as _____.

- A) real goals
- B) stated goals
- C) committed goals
- D) comprehensive goals

Answer: B

Diff: 2 Page Ref: 146

Topic: Goals and Plans

51) The conflict in stated goals exists because organizations respond to a variety of _____.

- A) stakeholders
- B) external environments
- C) governmental regulations
- D) stockholders

Answer: A

Diff: 2 Page Ref: 146

Topic: Goals and Plans

52) Which of the following is true concerning an organization's stated objectives?

- A) Organizations issue identical objectives to all constituents.
- B) Organizations typically have internal and external sets of objectives.
- C) Organizations may issue different objectives to stockholders, customers, employees, and the public.
- D) Stated objectives are usually in line with short-term actions.

Answer: C

Diff: 2 Page Ref: 146

Topic: Goals and Plans

53) What should a person do to understand what the real objectives of the organization are?

- A) observe organizational members' actions
- B) attend a stockholders' annual meeting
- C) read their annual report
- D) watch television news reports

Answer: A

Diff: 2 Page Ref: 147

Topic: Goals and Plans

54) The most common ways to describe organizational plans are by their frequency of use, time frame, specificity, and _____.

- A) quantifiability
- B) flexibility
- C) breadth
- D) attainability

Answer: C

Diff: 1 Page Ref: 147

Topic: Goals and Plans

55) When we categorize plans as being directional versus specific, we are categorizing them by _____.

- A) breadth
- B) specificity
- C) frequency of use
- D) depth

Answer: B

Diff: 1 Page Ref: 147

Topic: Goals and Plans

56) When we categorize plans as being single-use versus standing, we categorize them by _____.

- A) breadth
- B) specificity
- C) frequency of use
- D) time frame

Answer: C

Diff: 1 Page Ref: 147

Topic: Goals and Plans

57) Strategic plans tend to cover a longer period of time than operational goals and also _____.

- A) cover a more narrow view of the organization
- B) cover the financial projections of the planning period
- C) cover a broader view of the organization
- D) include an estimate of the profits that the stockholder can anticipate as dividends

Answer: C

Diff: 2 Page Ref: 147

Topic: Goals and Plans

58) As organizational environments have become more uncertain, _____.

- A) organizations are having to make longer term plans
- B) organizations have to resist the uncertainties to keep the plans moving toward the objectives
- C) organizations have to request that the government pass more legislation restricting the amount of uncertainty
- D) the definition of long term has changed

Answer: D

Diff: 2 Page Ref: 147

Topic: Goals and Plans

59) Specific plans are clearly defined and _____.

- A) allow managers to interpret their "flexibility" on their own
- B) leave no room for interpretation
- C) give the managers authority to interpret the plans for their area of responsibility
- D) keep the stakeholders informed of the organization's objectives

Answer: B

Diff: 2 Page Ref: 147

Topic: Goals and Plans

60) A state legislative plan that calls for a 2.45 percent increase in tobacco sales tax for the next 2 years would be considered what type of plan?

- A) strategic
- B) operational
- C) specific
- D) directional

Answer: C

Diff: 2 Page Ref: 147

Topic: Goals and Plans

61) Directional plans _____.

- A) have clearly defined objectives
- B) identify general guidelines
- C) meet the needs of a unique situation
- D) last for 3-5 years

Answer: B

Diff: 2 Page Ref: 148

Topic: Goals and Plans

62) The flexibility inherent in directional plans must be weighed against the _____.

- A) gain of a shorter planning period provided by specific plans
- B) gain of a longer planning period provided by specific plans
- C) loss of clarity provided by specific plans
- D) loss of a shorter planning period provided by specific plans

Answer: C

Diff: 1 Page Ref: 148

Topic: Goals and Plans

63) _____ is a one-time plan specifically designed to meet the needs of a unique situation.

- A) A multipurpose plan
- B) A strategic plan
- C) An operational plan
- D) A single-use plan

Answer: D

Diff: 1 Page Ref: 148

Topic: Goals and Plans

64) Standing plans are ongoing plans that provide _____.

- A) general directions of how to accomplish an identifiable task
- B) stakeholders with identifiable goals that the organization will always strive to achieve
- C) the stockholders with identifiable goals that the organization will always strive to achieve
- D) guidance for activities performed repeatedly

Answer: D

Diff: 2 Page Ref: 148

Topic: Goals and Plans

65) A city's policy concerning skateboarding on downtown sidewalks that provides guidance for police action would be considered what type of plan?

- A) standing
- B) contingency
- C) directional
- D) single-use

Answer: A

Diff: 2 Page Ref: 148

Topic: Goals and Plans

66) Goals provide the direction for all management decisions and actions and form the _____.

- A) profit basis that the organizations will accomplish for stockholders
- B) desired outcomes that the organizational members will achieve
- C) basis for the sharing of profits with the employees at the end
- D) criteria against which actual accomplishments are measured

Answer: D

Diff: 2 Page Ref: 149

Topic: Setting Goals and Developing Plans

67) With traditional goal setting, the goals are set at the top level of management and _____.

- A) then they become the responsibility of first-line management to achieve the goals
- B) then they are broken down into subgoals for each level of the organization
- C) all the efforts to achieve the goals are directed by top management to ensure that they are achieved
- D) then they are delegated to the next lower level to be achieved

Answer: B

Diff: 2 Page Ref: 149

Topic: Setting Goals and Developing Plans

68) With traditional goal setting, the assumption is that _____.

- A) top managers know what is best because they see the "big picture"
- B) top managers are unfamiliar with setting goals, so lower-level managers are assigned to do the task
- C) lower-level managers understand more of what needs to be accomplished
- D) lower-level managers are incapable of setting goals

Answer: A

Diff: 2 Page Ref: 149

Topic: Setting Goals and Developing Plans

69) With traditional goal setting, employees' work efforts at their respective levels and work areas are geared to meet the goals _____.

- A) so that the top management will be retained in their position
- B) so that their immediate supervisors will be retained in their position
- C) that have been assigned in their specific areas of responsibility
- D) within the shortest amount of time possible

Answer: C

Diff: 2 Page Ref: 149

Topic: Setting Goals and Developing Plans

70) What happens to traditional goals as they make their way down from top management to lower levels?

- A) They lose clarity and unity.
- B) They unite the workforce.
- C) Lower-level managers must continually revise and correct them.
- D) They purposely remain vague and nonspecific.

Answer: A

Diff: 2 Page Ref: 149

Topic: Setting Goals and Developing Plans

71) When the hierarchy of organizational goals is clearly defined, it forms a _____.

- A) hierarchical-link chain
- B) means-ends chain
- C) weakest-link chain
- D) level-level chain

Answer: B

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

72) Management by objectives (MBO) is a management system in which the first step is setting specific performance goals that are _____.

- A) established that can be easily accomplished
- B) jointly determined by employees and their managers
- C) determined by top management with clarity so that the objectives are clear to even the most incompetent employee
- D) developed in such a manner that the employees are self-directed and do not need supervision

Answer: B

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

73) What is the first step in a typical MBO program?

- A) Major objectives are allocated among divisional and departmental units.
- B) Unit managers collaboratively set specific objectives for their units with their managers.
- C) The organization's overall objectives and strategies are formulated.
- D) Action plans are specified and agreed upon by managers and employees.

Answer: C

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

74) In the MBO system, _____.

- A) objectives are determined by management
- B) goals are only reviewed at the time of completion
- C) goals are used as controls
- D) progress toward objectives is periodically reviewed

Answer: D

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

- 75) A well-designed goal should be _____.
- A) short and very specific about expected outcomes
 - B) written in terms of outcomes rather than actions
 - C) identifiable to even the first-line supervisors
 - D) specific and within a manageable time frame

Answer: B

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

- 76) A well-designed goal should be _____.

- A) discussed at orientation
- B) nearly unattainable, so that even if the unit or employee misses the goal, performance is still very high
- C) easy to achieve
- D) clear as to a time frame

Answer: D

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

- 77) The process of writing goals _____.

- A) forces people to think them through
- B) is too time consuming
- C) is useless
- D) inspires innovative concepts

Answer: A

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

- 78) What do written goals become?

- A) old and useless
- B) inflexible and general
- C) visible and tangible
- D) personal and collective

Answer: C

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

- 79) What is the purpose of an organization called?

- A) the organization's action plan
- B) the organization's mission
- C) the organization's vision
- D) the organization's contingency plan

Answer: B

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

80) When setting goals, what should a manager do after writing down the goals and communicating them to all who need to know?

- A) determine the goals individually or with input from others
- B) evaluate available resources
- C) review results and whether goals are met
- D) review the organization's mission

Answer: C

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

81) Three contingency factors that affect planning are level in the organization, degree of environmental uncertainty, and _____.

- A) length of future commitments
- B) quantity of future commitments
- C) frequency of future commitments
- D) enforceability of future commitments

Answer: A

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

82) _____ planning dominates managers' planning efforts at lower levels of the organization.

- A) Strategic
- B) Tactical
- C) Operational
- D) Functional

Answer: C

Diff: 1 Page Ref: 151

Topic: Setting Goals and Developing Plans

83) The commitment concept means that plans should extend far enough to meet those commitments _____.

- A) as quickly as possible
- B) while the resources are available
- C) with the stakeholders and make it appear that the organization is really committed
- D) made when the plans were developed

Answer: D

Diff: 2 Page Ref: 152

Topic: Setting Goals and Developing Plans

84) Planning for too long or too short a time period _____.

- A) is effective planning
- B) is inefficient and ineffective
- C) is the concept of commitment
- D) depends on the organization

Answer: B

Diff: 3 Page Ref: 152

Topic: Setting Goals and Developing Plans

- 85) As organizations expand and update their computing technology, they are _____.
- A) committed to whatever future expenses are generated by that plan
 - B) in a state of high environmental uncertainty
 - C) in a state of low environmental uncertainty
 - D) relying on lower level management to do the planning

Answer: A

Diff: 2 Page Ref: 152

Topic: Setting Goals and Developing Plans

- 86) How an organization plans can be best understood by looking at _____.
- A) the goals set by the organization's planners
 - B) who does the planning
 - C) the flexibility of the organization's plans
 - D) the priority of the goals

Answer: B

Diff: 1 Page Ref: 152

Topic: Setting Goals and Developing Plans

- 87) In the traditional approach to planning, planning was done entirely by top-level managers who were often assisted by _____.
- A) business level managers
 - B) functional level managers
 - C) a mixture of managers from the line, functional, and business level
 - D) a group of planning specialists

Answer: D

Diff: 1 Page Ref: 152

Topic: Setting Goals and Developing Plans

- 88) What is defined as a group of planning specialists whose sole responsibility was helping to write the various organizational plans?
- A) traditional planning specialists
 - B) organizational planning department
 - C) formal planning department
 - D) mission writers

Answer: C

Diff: 1 Page Ref: 152

Topic: Setting Goals and Developing Plans

- 89) When can the traditional top-down approach to planning be effective?
- A) only if the documents look impressive
 - B) only if the documents are prepared for the corporate planning staff
 - C) only if the planning involves lower level management
 - D) only if managers understand that they must create usable documents that members actually use

Answer: D

Diff: 2 Page Ref: 152

Topic: Setting Goals and Developing Plans

90) When organizational members are more actively involved in planning, they see that the plans

- _____.
- A) are not as important as management makes them out to be
 - B) are how the company is going to be judged by the stockholders
 - C) are more than just something written down on paper
 - D) stated to stakeholders are the real plans that the organization desires to achieve

Answer: C

Diff: 2 Page Ref: 153

Topic: Setting Goals and Developing Plans

91) Managers who continue to do the things required to achieve the original goals of a plan

- _____.
- A) are following their intuition
 - B) are demonstrating their ability to follow a flexible and specific plan
 - C) are acting responsibly
 - D) may not be able to cope with a changed environment

Answer: D

Diff: 2 Page Ref: 153

Topic: Contemporary Issues in Planning

92) What is a frequently cited criticism of formal planning?

- A) Plans can't be developed for a dynamic environment.
- B) Formal planning is too time consuming, given the dynamism in modern business environments.
- C) Formal planning creates extra, often redundant levels of hierarchy within the organization.
- D) Formal planning works well only for large, diversified companies.

Answer: A

Diff: 2 Page Ref: 153

Topic: Contemporary Issues in Planning

93) Successful organizations are typically the result of what?

- A) flexibility
- B) formal planning efforts
- C) innovative vision
- D) mechanical analysis

Answer: C

Diff: 3 Page Ref: 153

Topic: Contemporary Issues in Planning

94) Visions have a tendency to _____ as they evolve.

- A) become formalized
- B) fail
- C) generate more creativity
- D) trap employees in a certain mindset

Answer: A

Diff: 3 Page Ref: 153

Topic: Contemporary Issues in Planning

95) Formal planning focuses managers' attention on what?

- A) the changing future
- B) today's competition
- C) tomorrow's survival
- D) yesterday's successes and failures

Answer: B

Diff: 2 Page Ref: 154

Topic: Contemporary Issues in Planning

96) What argument against formal planning indicates that confidence in a plan is dangerous?

- A) Just planning isn't enough.
- B) Formal planning reinforces success, which may lead to failure.
- C) Planning may create rigidity.
- D) Plans cannot be developed for a dynamic environment.

Answer: B

Diff: 1 Page Ref: 154

Topic: Contemporary Issues in Planning

97) A wireless networking technology called Wi-Fi that links together information devices is _____.

- A) revolutionizing all kinds of industries
- B) making organizational planning much easier
- C) complicating the planning process, but will be improving communications
- D) an integral component of planning for the *Fortune* 500 companies

Answer: A

Diff: 3 Page Ref: 154

Topic: Contemporary Issues in Planning

98) In an uncertain environment, managers want to develop _____ plans.

- A) general and flexible
- B) specific but flexible
- C) formal
- D) contingency

Answer: B

Diff: 2 Page Ref: 154

Topic: Contemporary Issues in Planning

99) Formal plans serve as a roadmap although the destination may be changing constantly due to _____.

- A) dynamic market conditions
- B) political changes
- C) management changes
- D) employment makeup

Answer: A

Diff: 3 Page Ref: 154

Topic: Contemporary Issues in Planning

100) It is _____ formal planning efforts when the environment is highly uncertain.

- A) not as important to continue
- B) important to switch to directional planning and cease
- C) necessary to cease
- D) important to continue

Answer: D

Diff: 3 Page Ref: 155

Topic: Contemporary Issues in Planning

101) Why does the persistence in planning efforts contribute to significant performance improvement?

- A) After so many tries, managers have to hit on a success.
- B) If managers wear down the employees enough, their performance will improve.
- C) The quality of managers' planning improves when they continue to do it.
- D) Managers discover that their focus should be on the future instead of present.

Answer: C

Diff: 2 Page Ref: 155

Topic: Contemporary Issues in Planning

102) The organizational hierarchy becomes flattened as the responsibility for establishing goals and developing plans is _____.

- A) moved to the middle organizational levels
- B) shoved to the lowest organizational levels
- C) shifted to a formal planning department
- D) more the work of the financial department

Answer: B

Diff: 2 Page Ref: 155

Topic: Contemporary Issues in Planning

It's Academic (Scenario)

You are the academic dean for a small liberal arts college. The university president has asked you to develop a plan for the college. She wants the plan to cover the next five years. She wants it to be as specific as possible, but it should leave some room for flexibility.

103) Because your plan will have specific objectives covering a period of five years along with specific action plans for achieving these objectives, your plan could best be described as _____.

- A) contractual
- B) formal
- C) defined
- D) standard

Answer: B

Diff: 2 Page Ref: 144

Topic: The What and Why of Planning

104) The president has expressed concern regarding the impact of planning on the ability of the organization to respond to emerging changes in the higher education environment, such as distance learning and corporate universities. You should tell the president that planning _____.

- A) forces managers to look at the present
- B) forces managers to anticipate change
- C) eliminates the consideration of the impact of change
- D) increases uncertainty

Answer: B

Diff: 1 Page Ref: 145

Topic: The What and Why of Planning

Retail Planning (Scenario)

Mr. Tyler Nall is president and CEO of a retail chain that is about to begin operations in numerous major cities across the United States. The stores will sell home furnishings that are considered moderately priced for the average-income buyer. During the last few months he has been working to lay out directions for the managers of the stores. Mr. Nall and his vice presidents have decided that each store should have sales equal to or greater than \$100 per square foot per day. To attract an adequate number of customers, the store should be well maintained both inside and out.

105) The primary task that Mr. Nall and the vice presidents have been performing during the last couple of months is known as _____.

- A) laying out ideas
- B) making plans
- C) establishing networks
- D) designing the stores

Answer: B

Diff: 1 Page Ref: 146

Topic: Goals and Plans

106) The statement that each store should have sales equal to or greater than \$100 per square foot per day is an example of _____.

- A) a specific plan
- B) a directional plan
- C) a goal
- D) management by objectives

Answer: C

Diff: 2 Page Ref: 146

Topic: Goals and Plans

107) The statement that all stores should be well maintained both inside and out is an example of a _____.

- A) directional plan
- B) specific plan
- C) stated goal
- D) real goal

Answer: A

Diff: 3 Page Ref: 148

Topic: Goals and Plans

A Business Plan (Scenario)

Imagine that you are the owner of a small company that sells typewriters, business equipment, and computer hardware. You employ about 40 people. You know that the organization needs to move in a different direction, and you want to set some long-term goals for the company. You want to write a plan that will cover the next three years only, knowing that business needs change somewhat frequently. Your goal is to write a plan that provides direction but does not contain extremely well-defined, potentially restrictive objectives.

108) The fact that your plan covers three years suggests that your plan is most consistent with what type of plan?

- A) specific
- B) long term
- C) operational
- D) strategic

Answer: D

Diff: 2 Page Ref: 147

Topic: Goals and Plans

109) Your plan will cover the entire organization. This characteristic is most consistent with what type of plan?

- A) specific
- B) long term
- C) standard
- D) strategic

Answer: D

Diff: 2 Page Ref: 147

Topic: Goals and Plans

E-Biz Dreams (Scenario)

Robert Downs has just completed a master of science degree in computer science at Major State University. He now wants to begin a new Internet business selling his services as a Web site maker for companies in his home city, St. Louis. He estimates that, if his business idea is a success, within one year he will be employing at a minimum 10 programmers and 2 analysts.

110) To make his business successful, Robert will first have to develop what type of plan?

- A) operational
- B) specific
- C) directional
- D) strategic

Answer: D

Diff: 2 Page Ref: 147

Topic: Goals and Plans

111) To ensure that the organization's objectives are clearly defined and do not leave room for interpretation, he will have to develop what type of plan?

- A) operational
- B) specific
- C) directional
- D) strategic

Answer: B

Diff: 2 Page Ref: 147

Topic: Goals and Plans

112) To provide the programmers and analysts general guidelines about the efficiencies that are desired, he will have to develop what type of plan?

- A) operational
- B) specific
- C) directional
- D) strategic

Answer: C

Diff: 2 Page Ref: 148

Topic: Goals and Plans

Retail Planning Part II (Scenario)

Mr. Tyler Nall is president and CEO of a retail chain that is about to begin operations in numerous major cities across the United States. The stores will sell home furnishings that are considered moderately priced for the average-income buyer. During the last few months he has been working to lay out directions for the managers of the stores. Mr. Nall and his vice presidents have decided that each store should have sales equal to or greater than \$100 per square foot per day.

113) Mr. Nall's goal for each store of \$100 per square foot per day has several of the characteristics of a well-designed goal. First, it is written in terms of outcomes and not actions. Second, this goal is measurable and quantifiable. What else can Mr. Nall do to improve the design of this goal?

- A) Specify a time frame for achieving this goal.
- B) Ensure that the goal is attainable.
- C) Communicate this goal to every single employee of the organization.
- D) Make certain it will be achieved easily.

Answer: A

Diff: 2 Page Ref: 151

Topic: Goals and Plans

114) When setting goals for the plan, what should Mr. Nall do after he evaluates available resources?

- A) Review the organization's mission.
- B) Write down the goals and communicate them to all who need to know.
- C) Review the results and whether goals are being met.
- D) Determine the goals individually or with input from others.

Answer: D

Diff: 1 Page Ref: 150

Topic: Goals and Plans

Planning Factors (Scenario)

As vice president of a local manufacturer, you are interested in developing a new organizational plan. However, you are not sure who you should assign to the varying planning tasks. At the same time, several other issues that could deeply affect your business are pending, including rising interest rates and the potential formation of a new employee union. You must also consider your firm's contracts with large vendors that extend five years into the future.

115) For the most part, you should assign the operational planning activities to _____.

- A) line staff
- B) top managers
- C) lower-level managers
- D) middle managers

Answer: C

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

116) Which plans should you and other top management members be developing?

- A) operational
- B) specific
- C) overall
- D) strategic

Answer: D

Diff: 2 Page Ref: 151

Topic: Setting Goals and Developing Plans

A-Z Planning (Scenario)

Organizations ABC and XYZ are both in the same industry and vie for the same set of customers in the marketplace. At ABC, the plans are made at the top level of management each year and then are formulated for and announced to each of the mid-level and first-level managers. At XYZ, the plans are made at the top, and then those managers meet with their subordinates at the next level and mutually agreed-to goals are established with them. The mid-level managers then meet with their first-level managers and mutually agreed-to goals are established with them. Finally, the first-level managers meet with each of their employees and mutually agreed-to goals are established with them.

117) The goals setting approach used at the ABC organization is _____.

- A) standing
- B) directional
- C) specific
- D) traditional

Answer: D

Diff: 2 Page Ref: 149

Topic: Setting Goals and Developing Plans

118) Assuming XYZ's hierarchy of goals is clearly defined, the result is _____.

- A) unity of command
- B) a means-end chain
- C) management by objectives
- D) formal planning department

Answer: B

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

119) XYZ also follows a management by objectives (MBO) approach to goal setting. The managers and employees specify and agree upon _____, which define how objectives are to be achieved.

- A) action plans
- B) periodic reviews
- C) performance-based rewards
- D) objectives and strategies

Answer: A

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

120) Which organization is more likely to have higher employee performance and organizational productivity?

- A) Neither, as they are both in the same industry and facing the same environments.
- B) Organization ABC, because the plans are formulated by management for each level of the organization.
- C) Organization XYZ, because the employees participated in the planning process and know specifically what their objectives are.
- D) Neither, because the hierarchy of organizational goals is clearly defined at each level.

Answer: C

Diff: 2 Page Ref: 149-150

Topic: Setting Goals and Developing Plans

The State Road 7 Collaborative (Scenario)

The South Florida Regional Planning Council convened a group of stakeholders, including the Florida Department of Transportation and the Department of Community Affairs, who are interested in working together on improving State Road 7. David Dahlstrom is the senior planner for the South Florida Regional Planning Council. Mr. Dahlstrom successfully obtained a technical assistance grant. The intent is to organize the 15 small communities along State Road 7 into an intergovernmental unit. All of the communities will share the same visioning processes of mission, objectives, and tasks. Mr. Dahlstrom is now charged with developing a strategic plan for this group, called the State Road 7 Collaborative.

121) First, Mr. Dahlstrom must determine the goals he wants to achieve. To do so, he must follow a series of steps for goal setting. The first step in setting goals for this new group should be to _____.

- A) formally establish the organization's mission
- B) evaluate available resources
- C) determine the goals individually and then ask for input from others
- D) request input from others and then formulate specific goals

Answer: A

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

122) While each community in the State Road 7 Collaborative maintains its identity and independence, Mr. Dahlstrom believes that the leverage of multi-governmental applications will ultimately secure more major funding in the future. However, due to the intergovernmental nature of the organization, Mr. Dahlstrom, although in charge of the collaborative, wields little direct power over any community member individually. Which contingency factor best represents Mr. Dahlstrom's situation?

- A) level in the organization
- B) time frame of future commitments
- C) environmental uncertainty
- D) measurability of the goal

Answer: A

Diff: 3 Page Ref: 151

Topic: Setting Goals and Developing Plans

123) Dahlstrom told the Collaborative's members that the more current plans affect future commitments, the longer the time frame is for which managers must plan. This concept is also known as the _____.

- A) first principle of planning
- B) commitment concept
- C) length of future commitments
- D) degree of environmental uncertainty

Answer: B

Diff: 1 Page Ref: 152

Topic: Setting Goals and Developing Plans

The Dynamic Environment (Scenario)

A group of shareholders at Company EZ has strongly suggested that the firm update its planning practices to include more participative decision making and greater feedback to employees.

124) Company EZ's business is technology-related and the environment is very dynamic. Management at Company EZ argues that formal planning _____.

- A) is not as effective in static environments
- B) ignores the employees
- C) can't be developed for dynamic environments
- D) focuses managers' attention on tomorrow's survival instead of today's competition

Answer: C

Diff: 2 Page Ref: 153

Topic: Contemporary Issues in Planning

125) Because the managers at Company EZ work in such an uncertain environment, it is essential that they develop a plan. What will they have to do to plan in such an environment?

- A) train their employees in setting goals and establishing plans
- B) recognize that their plan must be general
- C) be determined to continue with their plan even if the conditions change
- D) make their plans as rigid as possible

Answer: A

Diff: 2 Page Ref: 155

Topic: Contemporary Issues in Planning

126) In a short essay, define planning and discuss the characteristics of formal planning as it is used in various organizations.

Answer: Planning involves defining the organization's goals, establishing an overall strategy for achieving those goals, and developing a comprehensive set of plans to integrate and coordinate organizational work. It is concerned with both ends and means. In formal planning, specific goals covering a period of years are defined. These goals are written and known to organizational members.

Diff: 1 Page Ref: 144

Topic: The What and Why of Planning

127) In a short essay, list and discuss the four reasons for planning.

Answer: a. Planning establishes coordinated effort. It gives direction to managers and nonmanagers alike. When employees know where the organization or work unit is going and what they must contribute to reach goals, they can coordinate their activities, cooperate with each other, and do what it takes to accomplish those goals. Without planning, departments and individuals might be working at cross-purposes, preventing the organization from moving efficiently toward its goals.

b. Planning reduces uncertainty by forcing managers to look ahead, anticipate change, consider the impact of change, and develop appropriate responses. It also clarifies the consequences of actions managers might take in response to change. Even though planning can't eliminate change, managers plan in order to anticipate changes and develop the most effective response to them.

c. Planning reduces overlapping and wasteful activities. When work activities are coordinated around established plans, wasted time and resources and redundancy can be minimized. Furthermore, when means and ends are made clear through planning, inefficiencies become obvious and can be corrected or eliminated.

d. Planning establishes goals or standards that are used in controlling. If managers are unsure of what they are trying to accomplish, they will be unable to determine whether or not the goal has actually been achieved. In planning, goals and plans are developed. Then, through controlling, actual performance is compared against the goals, significant deviations are identified, and necessary corrective action is taken. Without planning, there would be no way to control.

Diff: 2 Page Ref: 145

Topic: The What and Why of Planning

128) In a short essay, explain how strategic plans and operational plans differ in terms of time horizon and scope?

Answer: Strategic plans often focus beyond three years in the future; operational plans focus on twelve months or less. The scope of strategic plans is normally applied to an entire organization; the scope of operational plans is usually centered on departments or smaller units of the organization.

Diff: 2 Page Ref: 147

Topic: Goals and Plans

129) In a short essay, define the following types of plans: strategic plans, operational plans, long-term plans, short-term plans, specific plans, directional plans, single-use plans, and standing plans.

Answer: Strategic plans are plans that apply to the entire organization, establish the organization's overall goals, and seek to position the organization in terms of its environment. Plans that specify the details of how the overall goals are to be achieved are called operational plans. Strategic plans tend to cover a longer time frame and a broader view of the organization. Strategic plans also include the formulation of goals whereas operational plans define ways to achieve the goals. Also, operational plans tend to cover shorter time periods. We define long-term plans as those with a time frame beyond three years. We define short-term plans as those covering one year or less. Specific plans are plans that are clearly defined and that leave no room for interpretation. They have clearly defined objectives. There's no ambiguity and no problem with misunderstanding. The drawbacks of specific plans are that they require clarity and a sense of predictability that often do not exist. When uncertainty is high and managers must be flexible in order to respond to unexpected changes, directional plans are preferable. Directional plans are flexible plans that set out general guidelines. They provide focus but don't lock managers into specific goals or courses of action. However, the flexibility inherent in directional plans must be weighed against the loss of clarity provided by specific plans. A single-use plan is a one-time plan specifically designed to meet the needs of a unique situation. In contrast, standing plans are ongoing plans that provide guidance for activities performed repeatedly. Standing plans include policies, rules, and procedures.

Diff: 3 Page Ref: 147-148

Topic: Goals and Plans

130) In a short essay, define management by objectives (MBO) and list four elements of this type of goal setting.

Answer: Management by objectives (MBO) is a management system in which specific performance goals are jointly determined by employees and their managers, progress toward accomplishing these goals is periodically reviewed, and rewards are allocated on the basis of this progress. Rather than using goals only as controls, MBO uses them to motivate employees as well. Management by objectives consists of four elements: goal specificity, participative decision making, an explicit time period, and performance feedback. Its appeal lies in its focus on employees working to accomplish goals they have had a hand in determining.

Diff: 2 Page Ref: 150

Topic: Setting Goals and Developing Plans

131) In a short essay, list and discuss six characteristics of well-designed goals.

Answer: (1) A well-designed goal should be written in terms of outcomes rather than actions. The desired end result is the most important element of any goal and, therefore, the goal should be written to reflect this. (2) Next, a goal should be measurable and quantifiable. It's much easier to determine if a goal has been met if it's measurable. In line with specifying a quantifiable measure of accomplishment, (3) a well-designed goal should also be clear as to a time frame. Although open-ended goals may seem preferable because of their supposed flexibility, in fact, goals without a time frame make an organization less flexible because a manager is never sure when the goal has been met or when he or she should call it quits because the goal will never be met regardless of how long he or she works at it. (4) Next, a well-designed goal should be challenging but attainable. Goals that are too easy to accomplish are not motivating and neither are goals that are not attainable even with exceptional effort. (5) Well-designed goals should be written down. Although actually writing down goals may seem too time consuming, the process of writing the goals forces people to think them through. In addition, the written goals become visible and tangible evidence of the importance of working toward something. (6) Finally, well-designed goals are communicated to all organizational members who need to know the goals. Making people aware of the goals ensures that they're "on the same page" and working in ways to ensure the accomplishment of the organizational goals.

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Topic: Setting Goals and Developing Plans

132) Are strategic or operational plans needed? Does long-term planning make sense in this situation? These decisions are affected by three contingency variables. In a short essay, list the three planning contingency factors and illustrate how these factors influence planning.

Answer: Three contingency factors affect planning: level in the organization, degree of environmental uncertainty, and length of future commitments. The planner's level in the organization is likely to determine whether the plan is more strategic versus more operational. For the most part, operational planning dominates managers' planning at lower levels of the organization, while at upper levels, planning is more strategy oriented. Environmental uncertainty is the second contingency factor. When uncertainty is high, plans should be specific, but more flexible. Under these conditions, managers may sometimes need to abandon an existing plan in favor of a new one. Under low uncertainty, management is more likely to adhere to existing plans. Lastly, the time frame of existing plans is likely to influence new and emerging plans. The more current plans affect future commitments, the longer the time frame is for which managers must plan.

Diff: 2 Page Ref: 151-152

Topic: Setting Goals and Developing Plans

133) In a short essay, identify the six main criticisms of formal planning.

Answer: One of the main arguments directed at formal planning is that it may create rigidity and lock an organization into specific goals to be achieved within specific timetables. Second, some argue that plans cannot be developed for a dynamic environment. Third, formal planning efforts typically involve a thorough investigation of the organization's capabilities and opportunities and a mechanical analysis that reduces the vision to some type of programmed routine. That approach can spell disaster for an organization. Fourth, formal planning has a tendency to focus on how to capitalize on existing business opportunities within an industry. It often does not allow managers to consider creating or reinventing an industry. Fifth, formal planning reinforces success, which may lead to failure. Finally, planning is not enough. At some point managers must begin doing.

Diff: 1 Page Ref: 153-154

Topic: Contemporary Issues in Planning

134) In a short essay, describe how managers can effectively plan when the external environment is continually changing.

Answer: In an uncertain environment, managers want to develop plans that are specific, but flexible. Although this may seem contradictory, it's not. To be useful, plans need some specificity, but the plans should not be cast in stone. Managers must recognize that planning is an ongoing process. The plans serve as a roadmap although the destination may be changing constantly due to dynamic market conditions. They should be willing to change directions if environmental conditions warrant. This flexibility is particularly important as plans are implemented. Managers must stay alert to environmental changes that could impact the effective implementation of plans and make changes as needed. Keep in mind, also, that it's important to continue formal planning efforts, even when the environment is highly uncertain, in order to see any effect on organizational performance. It's the persistence in planning efforts that contributes to significant performance improvement. It seems that, as with most activities, managers "learn to plan" and the quality of their planning improves when they continue to do it. Finally, effective planning in dynamic environments means flattening the organizational hierarchy as the responsibility for establishing goals and developing plans is shoved to lower organizational levels because there's little time for goals and plans to flow down from the top. Managers must train their employees in setting goals and establishing plans and then trust that they will do so.

Diff: 2 Page Ref: 154-155

Topic: Contemporary Issues in Planning