TRUE/FALSE QUESTIONS

A MANAGER’S DILEMMA

1. According to the vignette in “A Manager’s Dilemma,” UBS AG’s multichannel approach to online banking has been to date, a complete failure.
   (False; moderate; p. 157)

WHAT IS PLANNING?

2. Organizational planning is concerned with how objectives are to be accomplished, not what is to be accomplished.
   (False; easy; p. 158)

3. If a manager refuses to write anything down or share his plans with others in the organization, he is not truly planning.
   (False; moderate; p. 158)

WHY DO MANAGERS PLAN?

4. Research indicates that managers who plan always outperform nonplanning managers.
   (False; moderate; p. 159)

5. According to the textbook, research indicates that nonplanning organizations generally outperform planning organizations.
   (False; moderate; p. 159)

6. Planning establishes the goals and standards by which managers control their organization.
   (True; difficult; p. 159)
7. Studies have found that the quality of the planning process and the appropriate implementation of plans contribute more to high performance than the extent of planning.

   (True; moderate; p. 159)

**HOW DO MANAGERS PLAN?**

8. Operational planning is usually performed by upper management.

   (False; moderate; p. 168)

9. Operational plans specify the details of how the achievement of the overall objectives is to be obtained.

   (True; difficult; p. 162)

10. Directional plans have clearly defined objectives.

    (False; moderate; p. 163)

11. Standing plans create guidance for regularly occurring activities and events.

    (True; moderate; p. 163)

12. Goals are the foundation of organizational planning.

    (True; moderate; p. 160)

**ESTABLISHING GOALS AND DEVELOPING PLANS**

13. In traditional goal settings, goals often lose clarity and unity as they make their way from the top to the bottom of the organization.

    (True; moderate; p. 164)

14. In a rapidly changing environment, well-defined and precisely developed action plans enhance organizational performance.

    (False; moderate; p. 163)

15. Planning is a waste of time in a volatile environment.

    (False; easy; p. 163)
16. The more the current plans affect future commitments, the longer the time frame for which managers should plan.
   (True; difficult; p. 168)

17. In MBO, or Management by Objectives, goals are often less well-defined, giving managers and employees more flexibility to respond to changing conditions.
   (False; moderate; p. 165)

18. An integrated network of goals is sometimes called a means-end chain.
   (True; moderate; p. 164)

19. Studies of actual MBO programs find mixed results in terms of its effects on overall employee performance and organizational productivity.
   (False; moderate; p. 165)

20. In a typical MBO program, successful achievement of objectives is reinforced by performance-based rewards.
   (True; difficult; p. 165)

21. An MBO program consists of four elements: loose goals, participative decision making, an explicit time period, and performance feedback.
   (False; difficult; p. 165)

22. The commitment concept means that plans should extend far enough to meet those commitments made today.
   (True; moderate; p. 168)

23. A well-designed goal should be written in terms of outcomes, not actions, and the goals should be measurable.
   (True; easy; p. 166)

24. According to the textbook, there are two contingency factors affect planning in organizations: degree of environmental uncertainty and length of future commitments.
   (False; difficult; p. 168)
25. The commitment concept means that plans should extend far enough to meet those commitments made when the plans were developed.

(True; easy; p. 168)

CONTEMPORARY ISSUES IN PLANNING

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

(True; moderate; p. 172)

27. According to the textbook, effective planning in dynamic environments means flattening the organizational hierarchy.

(True; moderate; p. 172)

MULTIPLE-CHOICE QUESTIONS

For each of the following, choose the answer that most completely answers the question.

WHAT IS PLANNING?

28. 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 over which department
   c. to integrate and coordinate organizational work
   d. to establish the quality and quantity of work to be accomplished

(c; difficult; P. 158)

29. Informal planning is _____________.
   a. performed at the lowest organizational level
   b. general and lacks continuity
   c. developed in informal meetings at a resort
   d. specific and is developed by the middle managers for their department
30. 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
   (a; easy; p. 158)

31. 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
   (c; moderate; p. 158)

32. In informal planning, ________ sharing of goals with others in the organization.
   a. everything may be written down, but there is little or no
   b. everything is written down, and there is
   c. nothing is written down, and there is little or no
   d. nothing is written down, therefore management does a lot of
   (c; difficult; p. 158)

WHY DO MANAGERS PLAN?

33. 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 found to not be needed within the plan
   d. sets the standards used in controlling
   (d; moderate; p. 159)

34. 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

(b; moderate; p. 159)

35. The effect of planning on managers is that it forces them to do which of the following?

   a. react to change

   b. consider the impact of change

   c. respond indiscriminately

   d. develop bureaucratic response models

(b; moderate; p. 159)

36. Generally speaking, which of the following factors least constrains high performance in planning organizations?

   a. quality of planning

   b. extent of planning

   c. implementation of plans

   d. environmental factors

(a; difficult; p. 159)

37. 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

(d; difficult; p. 159)

38. 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

(b; difficult; p. 159)
39. Governmental regulations, powerful labor unions, and other critical environmental forces constrain managers’ options and __________.
   a. reduce the impact of planning on an organization’s performance
   b. increase the impact of planning on an organization’s performance
   c. neutralize the impact of planning on an organization’s performance
   d. don’t affect the impact of planning on an organization’s performance  
   (a; moderate; p. 159)

40. In studies in which formal planning did not lead to higher performance, ____________.
   a. the external environment often was the culprit
   b. management execution of the plans was most often the reason for failure
   c. employee implementation of the plans was the primary reason for failure
   d. lack of communication was most often the reason for failure  
   (a; moderate; p. 159)

HOW DO MANAGERS PLAN?

41. 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  
   (c; difficult; p. 160)

42. Planning involves two important elements: ____________.
   a. goals and decisions
   b. goals and plans
   c. plans and decisions
   d. goals and actions  
   (b; moderate; p. 160)
43. 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
   (b; moderate; p. 161)

44. Which of the following is true concerning an organization’s stated objectives?
   a. They issue identical objectives to all constituents.
   b. Organizations typically have internal and external sets of objectives.
   c. They may issue different objectives to stockholders, customers, employees, and the public.
   d. Stated objectives are usually in line with short-term actions.
   (c; moderate; p. 161)

45. What should a person do to understand what the real objectives of the organization are?
   a. observe organizational member actions
   b. attend a stockholders’ annual meeting
   c. read their annual report
   d. watch television news reports
   (a; moderate; p. 162)

46. When we categorize plans as being directional versus specific, we are categorizing them by ____________.
   a. breadth
   b. specificity
   a. frequency of use
   d. depth
   (b; easy; p. 163)

47. When we categorize plans as being single use versus standing, we categorize them by ____________.
   a. breadth
   b. specificity
48. 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
   (c; moderate; p. 163)

49. Directional plans do which of the following?
   a. have clearly defined objectives
   b. identify general guidelines
   c. meet the needs of a unique situation
   d. last for 3–5 years
   (b; moderate; p. 163)

50. Which of the following is true concerning standing plans?
   a. They provide guidance for activities repeatedly performed in the organization.
   b. They provide guidance for 1–3 years.
   c. They specify general guidelines.
   d. They are specifically designed to meet the needs of a unique situation.
   (a; moderate; p. 163)

51. 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
   (a; difficult; p. 163)
52. The most common ways to describe organizational plans are by their breadth, time frame, specificity and __________.
   a. quantifiability
   b. flexibility
   c. frequency of use
   d. attainability
   (c; easy; p. 162)

53. 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.
   (a; moderate; P. 164)

54. Goals are objectives, __________.
   a. and we use the two terms interchangeably
   b. but goals are long-term and objectives are short-term
   c. and 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
   (a; easy; p. 160)

55. 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
   (d; difficult; p. 160)
56. Emphasis on one goal ___________.
   a. assures that the one goal will be accomplished even above the established level
   b. ignores other goals that must also be reached if long-term success is to be achieved
   c. makes the goal easier to be accomplished by all the organizational members
   d. denies the organizational members the opportunity to grow and develop
   (b; difficult; p. 160)

57. 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
   (c; difficult; p. 160)

58. Stated goals are official statements of what an organization says its goals are and ___________.
   a. what it wants its various stakeholders to believe its goals are
   b. are the goals that the organization actively works to achieve
   c. what it wants its stockholders to believe its goals are
   d. what it believes its goals are
   (a; moderate; p. 161)

59. The most popular ways to describe organizational plans are by their breadth, time frame, ____________.
   a. depth, and urgency
   b. frequency, and urgency
   c. specificity, and frequency
   d. depth, and specificity
   (c; difficult; p. 162)

60. Strategic plans are plans that apply to the entire organization, establish the organization’s overall goals, and ____________.
   a. guide the organization toward maximizing organizational profits for the stockholders
   b. attempt to satisfy all government regulations while maximizing profits
   c. satisfy the organization’s stakeholders
   d. seek to position the organization in terms of its environment
61. Operational plans specify the details of___________.
   a. what department performs which functional process to accomplish the goals
   b. what materials are required for which product being produced
   c. when each product model is to be produced
   d. how the overall goals are to be achieved

62. 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

63. Specific plans are clearly defined and___________.
   a. allow managers to their interpretation for flexibility
   b. leave no room for interpretation
   c. give the managers authority to interpret the plans for their area of responsibility
   d. keep the stakeholders inform of the organization’s objectives

64. Directional plans are___________.
   a. flexible plans that set out general guidelines
   b. stringent plans that establish specific directions for manager to follow
   c. formal plans that provide the directions of how to assemble the product
   d. general plans that allow the workers to change the schedule of production

65. Standing plans are ongoing plans that provide___________.
   a. general directions of how to accomplish an identifiable task
   b. stakeholders identifiable goals that the organization will always strive to achieve
   c. the stockholders identifiable goals that the organization will always strive to achieve
d. guidance for activities performed repeatedly

(d; moderate; p. 163)

66. Goals are often called ___________.
   a. the basis for all the other functions
   b. managements’ do or die objectives
   c. a lot of other names by various organizations
   d. the foundation of planning

(d; moderate; p. 160)

67. __________ 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

(b; moderate; p. 160)

68. The conflict in stated goals exists because organizations respond to a variety of ______________.
   a. stakeholders
   b. external environments
   c. governmental regulations
   d. stockholders

(a; difficult; p. 161)

69. Strategic plans cover a broader view of the organization and include the formulation of goals, whereas operational plans define ways to _____________.
   a. maximize the organization’s profits
   b. achieve the goals
   c. minimize the number of employees that have to be laid off in hard times
   d. provide the most efficient methods of production

(b; moderate; p. 162)

70. The flexibility inherent in directional plans must be weighed against the _____________.
   a. gain of a shorter planning period by specific plans
b. gain of a longer planning provided by specific plans
c. loss of clarity provided by specific plans
d. loss of a shorter planning period by specific plans  
(c; easy; p. 163)

71. __________ is a one-time plan specifically designed to meet the needs of a unique situation.  
a. Multipurpose plan  
b. Strategic plan  
c. Operational plan  
d. Single-use plan  
(d; easy; p. 163)

72. __________ planning dominates managers’ planning efforts at lower levels of the organization.  
a. Strategic  
b. Tactical  
c. Operational  
d. Functional  
(c; easy; p. 162)

ESTABLISHING GOALS AND DEVELOPING PLANS

73. 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  
(b; difficult; p. 164)

74. 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 supervisor 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
75. Management by objectives is a management system in which the first steps are 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 objective 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

76. Studies of actual MBO programs confirm that MBO __________ employee performance and organizational performance.
   a. depends on
   b. is related to
   c. decreases
   d. increases

77. According to the textbook, one of the potential problems of MBO programs is that ____________.
   a. there may be an overemphasis on the employee accomplishing their goals without regards to others in the work unit
   b. they may not be as effective in times of dynamic environmental change
   c. employees do not take goal setting seriously enough
   d. all of the above

78. 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 is periodically reviewed

**(d; moderate; P. 165)**

79. 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

**(b; moderate; p. 166)**

80. A well-designed goal should be measurable, have a specified time frame, and be ____________.
   a. written down
   b. nearly unattainable, so that even if the unit or employee misses their goal, performance is still very high
   c. communicated to anyone who needs to know
   d. both a and c

**(d; moderate; p. 166)**

81. When organizational members are more actively involved in planning, they see that the plans ____________.
   a. stated to stakeholders are the real plans that the organization desires to achieve
   b. are not as important as management makes them out to be
   c. are how the company is going to be judged by the stockholders
   d. are more than just something written down on paper

**(d; moderate; p. 169)**

82. When the hierarchy of organizational goals is clearly defined, it forms an integrated network of goals, or ____________.
   a. hierarchical-link chain
   b. means-ends chain
   c. weakest-link chain

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83. 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
   (a; moderate; p. 168)

84. 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
   (d; moderate; p. 168)

85. Three contingency factors cited by your textbook that affect planning are level in the organization, length of future commitments, and __________.
   a. risk aversion of management
   b. employee satisfaction
   c. level of productivity
   d. degree of environmental uncertainty
   (d; moderate; p. 168)

86. How an organization plans can be best understood by looking at __________.
   a. the goals set out by the organization’s planners
   b. who does the planning
   c. the flexibility of the organization’s plans
   d. none of the above
   (a; easy; p. 169)
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
   (d; easy; p. 169)

88. 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. criterion against which actual accomplishments are measured
   (d; difficult; p. 164)

CONTEMPORARY ISSUES IN PLANNING

89. According to your textbook, frequently cited criticisms of formal planning include, ____________.
   a. “plan’s 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”
   (a; moderate; p. 170)

90. 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
91. A wireless networking technology called WiFi that links together information devices is ________.
   a. threatening to revolutionize 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
   (a; moderate; p. 171)

92. According to your textbook, in an uncertain environment, managers want to develop ________ plans.
   a. general and flexible
   b. specific but flexible
   c. formal
   d. contingency
   (b; moderate; p. 172)

93. 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 the government to pass more legislation restricting the amount of uncertainty
   d. the definition of long term has changed
   (d; moderate; p. 171)

94. In an uncertain environment, managers want to develop plans that are _________.
   a. flexible but manageable
   b. specific and long ranging
   c. directional but flexible
   d. specific but flexible
   (d; moderate; p. 171)
95. The organizational hierarchy becomes flattened as the responsibility for establishing goals and developing plans is ____________.
   a. moved to the middle organizational levels
   b. shoved the lowest organizational levels
   c. shifted to a formal planning department
   d. more the work of the financial department

   (b; moderate; p. 172)

96. According to your textbook, in order to manage effectively in dynamic environment, managers must recognize that planning is ____________.
   a. an ongoing process
   b. not renewable from one planning period to the next
   c. best left to the formal planning department
   d. best done at the beginning of a new year

   (a; easy; p. 172)

SCENARIO QUESTIONS

For each of the following, choose the answer that most completely answers the question.

WHAT IS 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. He wants a plan covering the next 5 years, and he wants it to be as specific as possible, yet not overly constrain flexibility.

97. Your plan will have specific objectives covering a period of 5 years along with specific action plans for achieving of these objectives. Your plan could best be described as ____________.
   a. contractual
   b. formal
   c. defined
   d. standard

   (b; moderate; p. 158)
98. The President has expressed concern regarding the impact of planning on the ability of the organizational to respond to emerging changes in the higher education environment, such as distance learning and corporate universities. You should tell the President that planning has what kind of effect?
   a. forces managers to look at the present
   b. forces managers to anticipate change
   c. managers can’t really consider the impact of change
   d. planning increases uncertainty
   (b; easy; p. 158)

99. Due to the many colleges and universities in your area, the President has expressed concern about sharing too many details regarding specific goals and action programs beyond top administration and the board of regents. According to your textbook, you should suggest that ______________.
   a. goals must be shared with organization members to be effective
   b. because of the intense competition in your area, you agree with his position
   c. strategic goals and plans should never leave the boardroom under any circumstances—loose lips sink ships
   d. information could be leaked through the press and the Internet over time, so that employees will become aware of plans
   (a; easy; p. 158)

HOW DO MANAGERS PLAN?

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 within 1 year, if his business idea is a success, that, at a minimum, he will be employing 10 programmers and 2 analysts.

100. To make his business successful, he will first have to develop which type of plans?
   a. operational plans
   b. specific plans
c. directional plans
d. strategic plans

(d; moderate; p. 162)

101. To clarify how the overall goals are to be achieved, he will have to develop which type of plans?
   a. operational plans
   b. specific plans
   c. directional plans
   d. strategic plans

(a; moderate; p. 162)

102. To ensure that the organization’s objectives are clearly defined and do not leave room for interpretation, he will have to develop which type of plans?
   a. operational plans
   b. specific plans
   c. directional plans
   d. strategic plans

(b; moderate; p. 163)

103. To provide the programmers and analyst general guidelines about the efficiencies that are desired, he will have to develop which type of plans?
   a. operational plans
   b. specific plans
   c. directional plans
   d. strategic plans

(c; moderate; p. 163)

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 something that will cover the next 3 years only, knowing that business needs change somewhat frequently. Your goal is to write something that provides direction, but does not contain extremely well-defined, potentially restrictive objectives.

104. The fact that your plan covers three years suggests your plan is most consistent with what type of plan?
   a. specific  
   b. long term  
   c. operational  
   d. strategic
   (d; moderate; p. 163)

105. 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
   (d; moderate; p. 163)

Planning Factors (Scenario)

As vice president of a local manufacturer, you are interested in developing a new organizational plan. However, you are unsure about several factors. 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 5 years into the future.

106. 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
   (c; moderate; pp. 162-163)
107. Which plans should you and other top management members be working on?
   a. operational
   b. specific
   c. overall
   d. strategic
   (d; moderate; pp. 162-163)

108. Uncertainty regarding the effects of unionization and rising interest rates on your business suggests that the plans need to be __________.
   a. specific
   b. directional
   c. focused
   d. objective
   (b; difficult; p. 163)

109. The issues that may deeply impact your business such as rising interest rates, the potential formation of a new employee union and the firm’s contracts with large vendors, are examples of __________ factors that affect planning.
   a. environmental
   b. noncontrollable
   c. outside
   d. contingency
   (d; moderate; p. 168)

Retail Planning (Scenario)

Mr. Tyler Nall is President and CEO of what should be considered a major retailing chain that is about to begin operations. During the last couple of months he has been working to lay out directions for the managers of the
stores, which will exist in major cities across the United States. Their stores will sell home furnishings that are considered moderately priced for the average-income buyer. 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:

- located in an out-parcel of a major shopping mall;
- the mall must attract an average of at least 10,000 customers daily;
- all stores are to be well-maintained both inside and out;
- displays arranged in room settings;
- well-lit, throughout the store;
- open from 9 A.M. to 9 P.M. Monday–Saturday, and 1 P.M. to 5 P.M. Sunday;
- sales personnel should be clean-cut, friendly, and wear appropriate business attire.

110. 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
   (b; easy; p. 160)

111. 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
   (c; moderate; p. 160)

112. 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  

(a; hard; p. 163)

113. Because the environmental conditions in which home furnishing stores operate are generally stable, the statements intended to attract customers would most likely be considered to be ___________.  
a. operational plans  
b. specific plans  
c. directional plans  
d. strategic plans  

(d; moderate; p. 162)

114. 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. According to your textbook, what else can Nall do to improve the design of this goal?  
a. specify a time frame for achieving this goal  
b. ensure the goal is attainable  
c. communicate this goal to every single employee of the organization  
d. A and B only  

(a; difficult; p. 166)

ESTABLISHING 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. Within 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. The first-level managers then meet with each of their employees and mutually agreed-to goals are established with them.
115. Because these plans only cover a 1-year period, they are considered to be which type of plans?
   a. operational plans
   b. specific plans
   c. directional plans
   d. strategic plans
   (a; moderate; p. 162)

116. The planning approach used at the ABC organization is which of the following?
   a. Management by Objectives
   b. directional planning
   c. specific planning
   d. traditional planning
   (d; moderate; p. 164)

117. The planning approach used at the XYZ organization is which of the following?
   a. directional planning
   b. Management by Objectives
   c. traditional planning
   d. specific planning
   (b; moderate; p. 165)

118. Which organization is most likely to have the highest 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.
   (c; moderate; p. 165)
119. Assuming company XYZ’s hierarchy of goals are clearly defined, the resulting integrated network of goals is also called ____________.
   a. unity of command
   b. a means-end chain
   c. management by objectives
   d. none of the above
   (b; moderate; p. 164)

120. A group of shareholders at Company ABC have strongly suggested that the firm update its planning practices to include more participative decision making and greater feedback to employees. Management at ABC argues that several problems may exist with such programs, including:
   a. they are not as effective in periods marked by dynamic environmental change.
   b. they overemphasize the accomplishment of goals by individual employees and work units and ignore the “big picture,”
   c. they don’t guarantee the employee(s) will remain motivated to achieve the goals, even if they helped set them.
   d. all of the above
   (d; moderate; p. 165)

The State Road 7 Collaborative

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, intended to
organize the 15 small communities along State Road 7 into an intergovernmental unit, all sharing the same visioning processes of mission, goals and objectives, and tasks. Mr. Dahlstrom is now charged with developing a strategic plan for this group, called the State Road 7 Collaborative.

121. Dahlstrom’s first step in setting goals for this new group should be __________.
   a. to 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
   (a; moderate; p. 166)

122. Because of the intergovernmental nature of the State Road 7 Collaborative, Dahlstrom’s boss suggests that open-ended goals may be preferable, as they offer greater flexibility. Dahlstrom, a knowledgeable and experienced planner, tells her that __________.
   a. a well-designed goal will specify a time frame for accomplishment
   b. a well-designed goal will specify a quantifiable measure of accomplishment
   c. although open-ended goals may seem preferable because of their flexibility, in fact, goals without a time frame make an organization less flexible because you’re never sure when you’ve met your goals
   d. all of the above
   (a; easy; p. 166)

123. After establishing the collaborative’s goals, Dahlstrom’s boss asks what contingency factors might influence the Collaborative’s plans to reach these goals. Dahlstrom responds that planning contingency factors can be broadly grouped into three categories: __________.
   a. degree of environmental uncertainty, organizational structure, and communication effectiveness
   b. degree of environmental uncertainty, length of future commitments, and organizational structure
   c. degree of environmental uncertainty, level in the organization, and organizational structure
   d. none of the above
   (d; difficult; p. 168)

124. While each community in the State Road 7 Collaborative maintains its identity and independence, 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, Dahlstrom, although in charge of the collaborative, wields little direct power over any member community individually. Which contingency factor best represents Dahlstrom’s situation?

a. level in the organization  
b. time frame of future commitments  
c. environmental uncertainty  
d. A and B only

(a; difficult; p. 168)

125. The Collaborative began implementing its plan in the spring of 2002. However, in September of that year, Hurricane Art washed ashore and wreaked significant damage to many parts of South Florida, including many of the businesses, residences and infrastructure along State Road 7. The storm ruined much of the initial work that Dahlstrom’s plan had set in place. Some of the smaller communities, faced with massive reconstruction costs and hard pressed for sufficient funding, have expressed deep concerns about remaining in the State Road 7 Collaborative and committing the resources necessary to fulfill its mission. Mr. Dahlstrom argues that hurricanes are an ongoing, albeit unfortunate, aspect of living in South Florida and that the achievement of the collaborative’s long-term goals will make future recoveries much less painful. This scenario best exemplifies which contingency variable(s)?

a. level in the organization  
b. time frame of future commitments  
c. environmental uncertainty  
d. B and C only

(d; difficult; p. 168)

126. 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

(b; easy; p. 163)
ESSAY QUESTIONS

WHAT IS PLANNING?

127. In a short essay, define planning and discuss the characteristics of formal versus informal 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. Planning can either be formal or informal. All managers engage in some planning, but their planning might be informal. In informal planning, nothing is written down, and there is little or no sharing of goals with others within the organization. This type of planning often is done in many small businesses where the owner-manager has a vision of where he or she wants the business to go and how to get there. Informal planning is general and lacks continuity. In formal planning, specific goals covering a period of years are defined. These goals are written and known to organizational members. Specific action programs exist to achieve these goals; that is, managers clearly define the path they want to take to get the organization and the various work units from where they are to where they want them to be.

(easy; pp. 158-159)

WHY DO MANAGERS PLAN?

128. 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.

*(moderate; p. 159)*

129. 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 planners level in the organization is likely to determine whether the plans is more short term and tactical versus more long term and strategic. 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 stick with 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.

*(moderate; p. 168)*

130. In a short essay, define Management by Objectives (MBO) and list four elements of this type of goal setting.
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 the accomplishment of participatively set objectives as the reason for and motivation behind individuals’ work efforts.

(moderate; p. 165)

131. In a short essay, list and discuss five characteristics of well-defined 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 calls 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.

(moderate; p. 166)