**Multiple choice questions for
*Straight-A Strategy: The Concise Book of Strategy Development*
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**Chapter 1 – The essence of strategy**

**1. Which of the following are part of the “5As” strategic choices?**

A) Aspiration
B) Abilities
C) Allocation
D) Arena
✅ **Correct answers:** A, B, D

**2. What are typical risks of operating without a strategy?**

A) Missed opportunities
B) Clear accountability
C) Pro-active decision-making
D) Wasted resources
✅ **Correct answers:** A, D

**3. What does a well-crafted strategy provide for an organization or individual?**

A) A competitive price advantage
B) A clear direction toward long-term goals
C) A framework for aligning decisions and resources
D) A high-level plan that stays the same over the long term
✅ **Correct answers:** B, C

**4. Which activities are part of the strategy development cycle as described in Chapter 1?**A) Analyze the situation and anticipate future developments
B) Maximize quarterly earnings
C) Agree on strategic choices
D) Copy industry best practices
✅ **Correct answers:** A, C

**5. What distinguishes “open strategy” from traditional strategy-making?**

A) It focuses primarily on AI-generated analysis
B) It includes broader participation beyond top management
C) It often relies on digital platforms for collaboration
D) It emphasizes secrecy to maintain a competitive edge
✅ **Correct answers:** B, C

**5. What are characteristics of an adaptive strategy process?**

A) Treating strategy as a hypothesis to be tested
B) Finalizing all strategic choices before execution begins
C) Eliminating ambiguity through upfront planning
D) Ignoring short-term shifts in the environment
✅ **Correct answer:** A

**7. Which of these statements about alignment in strategy are true?**

A) Internal alignment ensures consistency between strategy and organizational structure and culture
B) External alignment means aligning the strategy with external environmental dynamics
C) Alignment is optional when the strategy is solid
D) Misalignment can undermine successful strategy execution

✅ **Correct answers:** A, B, D

**8. What are advantages of treating strategy as a cycle rather than a one-time event?**

A) It enables continuous adaptation to a changing environment
B) It eases stakeholder involvement
C) It promotes ongoing learning and improvement
D) It guarantees immediate financial returns
✅ **Correct answers:** A, C

**Chapter 2 – Aspiration and Arena: What to achieve (and where)?**

**1. Which of the following are components of a well-formulated aspiration in strategic planning?**

A) Vision
B) Budget forecasts
C) Market share
D) Values
✅ **Correct answers:** A, D

**2. What are the key purposes of having a strategic aspiration?**

A) To provide focus and avoid scattered priorities
B) To describe the marketing strategy of the company
C) To guide overall direction and efforts of the organization
D) To define the competitive landscape
✅ **Correct answers:** A, C

**3. Which criteria are commonly used to define an organization’s arena?**

A) Product or service offering
B) Competitor’s market share
C) Geographic reach
D) Distribution channels
✅ **Correct answers:** A, C, D

**4. Which statements about Blue Ocean Strategy are correct?**

A) It focuses on creating new demand in untapped market spaces
B) It encourages competing aggressively in saturated markets
C) It focuses on value innovation
D) It reduces the relevance of competition
✅ **Correct answers:** A, C, D

**5. According to Porter’s Five Forces, which factors influence industry attractiveness?**

A) Bargaining power of buyers
B) Technological advancement
C) Threat of substitutes
D) Bargaining power of competitors
✅ **Correct answers:** A, C

**6. What are possible methods for estimating market size?**

A) Departmental benchmarking
B) Aggregated customer market sizing
C) Competitor market sizing
D) PESTEL-based revenue projection
✅ **Correct answers:** B, C

**7. What are key principles when formulating a vision statement?**

A) Use of technical language
B) Being inspirational and ambitious
C) Being concise, clear, and concrete
D) Describing the current competitive advantages
✅ **Correct answers:** B, C

**8. What are benefits of involving stakeholders in formulating the organizational aspiration?**

A) Encourages ownership and alignment
B) Ensures regulatory compliance
C) Increases chances of implementation success
D) Leads to increased focus on shareholder value creation
✅ **Correct answers:** A, C

**Chapter 3 – Advantage and Abilities: What you need to succeed**

**1. Which of the following are required for an organizational strength to be considered a “true” competitive advantage?**

A) It drives profitability
B) It attracts external investors
C) It is hard for competitors to imitate
D) It creates higher customer willingness to pay
✅ **Correct answers:** A, C, D

**2. What are examples of potential key purchasing criteria (KPC) from a customer perspective?**

A) Efficient delivery and availability
B) Low employee turnover
C) Trust and brand reputation
D) Efficient supply chain management
✅ **Correct answers:** A, C

**3. Which of the following best describes a unique selling proposition (USP)?**

A) A distinctive reason why customers choose your product over others
B) A statement of financial goals for the company
C) A compelling internal motivational slogan
D) A competitive advantage that can be copied by other unique players in your industry
✅ **Correct answer:** A

**4. Which of the following are considered sources of cost advantage?**

A) Brand loyalty
B) Economies of scope
C) Proprietary process know-how
D) Switching costs for customers
✅ **Correct answers:** B, C

**5. Which of the following are characteristics of a core competency?**

A) Valuable to customers
B) Easily outsourced
C) Extendable to new markets
D) Rare and difficult to imitate
✅ **Correct answers:** A, C, D

**6. Which of the following are examples of ecosystem advantages?**

A) Access to exclusive distribution networks
B) Habitual customer behavior
C) Favorable government regulation
D) Platform-based network effects
✅ **Correct answers:** A, C, D

**7. What strategy types are included in Porter’s three generic strategies?**

A) Diversification
B) Market saturation
C) Cost leadership
D) Focus
✅ **Correct answers:** C, D

**8. What are valid approaches to sustain a competitive advantage in a dynamic market?**

A) Continuously improving existing strengths
B) Replicating competitor strategies
C) Using legal isolating mechanisms
D) Expanding too quickly into unrelated markets
✅ **Correct answers:** A, C

**Chapter 4 – Action and Alignment: How to make it work**

**1. What distinguishes “action” from “objectives” in the context of strategy execution?**

A) Objectives are concrete steps to carry out tasks
B) Objectives define what to achieve; actions define what is done to achieve it
C) Action refers to implementation, not planning
D) Action steps are only assigned after the strategy is fully completed
✅ **Correct answers:** B, C

**2. Which of the following are necessary conditions for effective strategy execution?**

A) Delegating all strategy-related decisions to middle managers
B) Translating strategic choices into measurable objectives
C) Aligning daily decisions with the strategic direction
D) Centralizing all control to ensure compliance
✅ **Correct answers:** B, C

**3. What is the main purpose of the Pyramid Principle as applied to strategic planning?**

A) To create an organizational chart
B) To break down goals into aligned, actionable objectives
C) To develop new mission statements
D) To identify competitive advantages
✅ **Correct answer:** B

**4. Which of the following are examples of strategic actions at the business strategy level?**

A) Implementing a new pricing strategy for a product line
B) Improving product design to differentiate from competitors
C) Acquiring a firm in another part of the value chain
D) Allocating capital across business segments
✅ **Correct answers:** A, B

**5. What are characteristics of coherent strategic action?**

A) It involves assigning multiple people to the same task to ensure success
B) It ensures that all individuals and departments work toward shared goals
C) It is driven mainly by external consultants
D) It includes clear roles and shared understanding of objectives
✅ **Correct answers:** B, D

**6. What are core elements of internal strategic alignment?**

A) Strategic choices that reinforce each other
B) Constant market surveillance
C) Organizational culture supporting execution
D) Structures and processes enabling implementation
✅ **Correct answers:** A, C, D

**7. Which of the following are typical tasks involved in shaping an organization’s culture to align with strategy?**

A) Enforcing new behavior through penalties
B) Hiring people whose values fit the organization
C) Modeling desired behavior by leadership
D) Giving employees maximum freedom with minimum oversight
✅ **Correct answers:** B, C

**8. What does external strategic alignment include?**

A) Aligning the strategy with market trends and evolving technology
B) Adjusting decisions solely based on internal capabilities
C) Responding to changing customer preferences
D) Avoiding change in order to remain consistent
✅ **Correct answers:** A, C

**Chapter 5 – The Strategy Development Cycle: How to find your strategic direction**

**1. Which phases are included in the strategy development cycle?**

A) Planning, budgeting, implementing
B) Analysis, decision-making, execution
C) Visioning, organizing, controlling
D) Trend analysis, interpretation, reinforcement
✅ **Correct answer:** B

**2. What is a key benefit of developing multiple strategic options?**

A) It guarantees higher profit margins
B) It helps avoid falling into the “first solution trap”
C) It increases the organization’s agility
D) It reduces the need for alignment
✅ **Correct answers:** B, C

**3. Which of the following tools or methods are recommended for anticipating future developments?**

A) Scenario planning
B) SWOT analysis
C) Trend analysis
D) Competitive mapping
✅ **Correct answers:** A, C

**4. What are critical elements of a good strategic decision during the “Agree” phase?**

A) Full stakeholder consensus is always required
B) Strategic fit with mission and aspiration
C) Acceptance and feasibility of implementation
D) Alignment with current industry structure regardless of future needs
✅ **Correct answers:** B, C

**5. What are the three “Cs” of successful strategy execution?**

A) Change, communication, collaboration
B) Coordination, communication, change management
C) Creativity, control, coaching
D) Culture, competence, capital
✅ **Correct answer:** B

**6. Which tools can help coordinate and implement strategic initiatives?**

A) ORK (Objectives, Reporting, Knowledge)
B) The Balanced Scorecard
C) Scenario analysis
D) Project management
✅ **Correct answers:** B, D

**7. Why should mental maps be considered during strategy development?**

A) They influence the financial structure of an organization
B) They influence how strategists interpret data and assess options
C) They provide customer insights
D) They help understand biases and assumptions in decision-making
✅ **Correct answers:** B, D

**8. Which practices support external strategic alignment?**

A) Creating a strong sense of urgency
B) Adapting to technological and regulatory shifts
C) Monitoring competitors and customer needs
D) Focusing strategy on shareholder returns
✅ **Correct answers:** B, C

**Chapter 6 – Competitive strategy: How to play strategic games**

**1. What are useful approaches to analyzing competitive interactions?**

A) Game theory
B) Business model innovation
C) Competitive simulation
D) Value chain analysis
✅ **Correct answers:** A, C

**2. Which of the following correctly describes a prisoner’s dilemma in competitive strategy?**

A) A situation where competitors agree to avoid competing
B) A scenario where mutual cooperation leads to better outcomes, but individual incentives lead to aggressive behavior
C) A conflict between long-term goals and short-term profits
D) A market where there is no price sensitivity
✅ **Correct answer:** B

**3. What are potentially effective tactics to deal with a prisoner’s dilemma situation in a highly competitive market?**

A) Focusing on separate market niches to reduce direct confrontation
B) Delaying strategic response until competitors stabilize
C) Matching all competitor discounts
D) Maintaining cost leadership to outlast price wars
✅ **Correct answers:** A, D

**4. In the market entry game, what actions might a new entrant take to reduce the risk of aggressive retaliation from the incumbent?**

A) Use massive advertising to assert dominance
B) Limit capacity or enter gradually
C) Focus on a different niche
D) Aggressively undercut the incumbent’s pricing from the start
✅ **Correct answers:** B, C

**5. Which forms can strategic cooperation (“coopetition”) between competitors take?**

A) Licensing agreements to share IP
B) Legal merger only
C) Joint venture
D) Price-fixing agreements between competitors
✅ **Correct answers:** A, C

**6. Which of the following are strategic actions an incumbent might take when responding to a new market entrant?**
A) Retaliate by entering the entrant’s home market
B) Immediately reduce advertising spend to conserve cash
C) Lower prices or improve offers in the contested market
D) Publicly signal an aggressive posture to deter further entry
✅ **Correct answers:** A, C, D

**7. What would you consider when competitors expand into unrelated markets?**

A) They may gain economies of scale and later attack your core market
B) This could be a move that is subject to anti-trust law
C) Such moves usually signal the competitor’s declining interest in your market
D) Their learning and innovation in the new market could spill over into your industry

✅ **Correct answers:** A, D

**8. What are potentially valuable tactics when preparing for strategic moves in a competitive environment?**

A) Communicate all your plans openly to signal confidence
B) Keep strategic intentions confidential to avoid pre-emptive reactions
C) Copy the pricing strategies of your main rival
D) Analyze competitor motives and anticipate their next moves
✅ **Correct answers:** B, D

**Chapter 7 – Corporate strategy: Managing the multi-business enterprise**

**1. What are typical goals of corporate strategy in a multi-business enterprise?**

A) Optimizing strategy for individual product features
B) Achieving operational synergies across business units
C) Managing a diversified portfolio of business segments
D) Setting department-level KPIs
✅ **Correct answers:** B, C

**2. In the BCG Matrix, which of the following statement(s) is (are) correct?**

A) “Cash cows” typically require significant investment
B) “Stars” have low market share but high growth potential
C) “Question marks” have low market share in high-growth markets
D) “Dogs” are typically medium performers in relatively stable markets
✅ **Correct answer:** C

**3. Which of the following are examples of operational synergies?**

A) Centralizing HR or IT services
B) Better loan terms due to size
C) Sharing logistics infrastructure
D) Cross-selling products to similar customer bases
✅ **Correct answers:** A, C, D

**4. What are potential benefits of financial synergies in corporate strategy?**

A) Improved access to capital
B) Joint financial promotion
C) Tax benefits from offsetting profits and losses
D) Economies of scale and economies of scope effects in financial management
✅ **Correct answers:** A, C

**5. Which of the following are common motives for engaging in M&A activity?**

A) Access to new capabilities or markets
B) Desire to bypass legal competition rules
C) Diversification to reduce risk
D) Eliminating complexity in decision making
✅ **Correct answers:** A, C

**6. Which methods can be used to value companies in M&A processes?**

A) Discarded Cash Flow Method (DCF-M)
B) Price-to-Earnings (P/E) ratio
C) Sales volume-to-cost ratio
D) Replacement cost valuation
✅ **Correct answers:** B, D

**7. What distinguishes a joint venture from a strategic alliance?**

A) Joint ventures typically involve shared ownership of a new entity
B) Strategic alliances are primarily used for IPO preparation
C) Joint ventures require mergers to be completed
D) Strategic alliances maintain separate legal identities
✅ **Correct answers:** A, D

**8. Which of the following statements about corporate venture capital (CVC) are correct?**

A) CVC is mainly aimed at financial return with no strategic intent
B) It allows established companies to access emerging innovation
C) CVC units typically function like traditional VCs but with strategic focus
D) CVC usually results in at least one full acquisition within one year
✅ **Correct answers:** B, C